

CLIVE AS AN ADMINISTRATOR

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PREFACE

Clive's second term of office as Governor of Fort William supplies the key to a correct and comprehensive understanding of his place in history as an administrator. But, it is regrettable that historians have not studied it with the dispassionate care and attention it rightly deserves. Clive's administrative policy and measures have hitherto been either warmly and zealously justified and even extolled on the one hand, or roundly and unequivocally criticised and censured on the other. Obviously, both these approaches are uncritical and inaccurate. His administration has therefore yet to receive a critical and impartial examination on the basis of original evidence. The present monograph seeks to provide a factual and documented study of Clive's work as an administrator in a spirit of objective research.

In preparing this monograph, I have spared no pains to draw upon and utilise adequately all the available and relevant contemporary sources, manuscript and published. It is hardly necessary to state that the *Ms.* material preserved in the National Archives of India, which constitutes the most important primary source of information, has been exhaustively examined. The contemporary correspondence, tracts, journals, memoirs, reports, or chronicles which serve to supply valuable supplementary information on the subject have been judiciously used wherever necessary along with the official state papers and records.

Certain portions of this monograph, I would like to inform the readers in this connection, have already been

published in historical journals or accepted for reading and discussion at its public meetings by the Indian Historical Records Commission. It is my pleasant duty to add here that a part of this work was written for and contributed to the projected ninth volume of the Indian history series sponsored and to be published by the Indian History Congress. I am thankful to the Editors of the Journal of Indian History, the Journal of U. P. Historical Society and the Indian Historical Quarterly for publishing some of the chapters of this work. One chapter was published in Dr. Radhakumud Mukerji Commemoration Volume.

I should be ungrateful, if I did not mention here that my esteemed friend, Sri Hariprasanna Ghosh, General Manager of the Indian Press Ltd. of Allahabad, readily and promptly agreed to accept my work for publication, and also saw to it personally that it was printed and published very early.

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CHAPTER I

CLIVE IN INDIA, 1765—67

Bengal presented a scene of chaos and corruption when Clive returned from England in May, 1765, to take charge of the Presidency and Governorship of Fort William. During this second-term tenure of his office, Clive was called upon to remedy the evils created by English private trade and greed on the one hand and the breakdown of the Nawab's authority on the other; but the system which he initiated rendered the situation still more chaotic and led to a period of oppression the like of which is unparalleled in the history of the province. Indeed, the period of the Diwani administration witnessed not only the final collapse of the indigenous government, but also the evil consequences of a perverted organisation known as '*dual system*' under which the English wielded the real power but evaded the responsibility for administration, and kept up a show of subservience to the titular Nawab for no other reasons than sheer expediency and self-interest. The countless inequities from which Bengal suffered from 1765 to 1772 were due to the divided and complicated authority which Clive's settlement had set up.

Clive's plan of government was an ingenious device whereby he sought to conceal the fundamental change that had come in the position of the Company in consequence of the acquisition of the Diwani of Bengal, Bihar and Orissa from the Mughal Emperor, Shah Alam, on 12th August, 1765. The Treaty of Allahabad by which Clive secured this Diwani authority constitutes a landmark in the history of Bengal, for it

not only formed the basis of Clive's political settlement after the victory of Buxar, but it also led to that administrative transition which prepared the ground for the final emergence of the modern British system of administration in India. The transition marked the extinction of the Nawab's authority, and ushered in a system under which responsibility was carefully separated from power. Though fully conscious of the fact that nothing was left to the Nawab except the name and shadow of authority, Clive insisted cynically, "*This name, however, this shadow, it is indispensably necessary we should seem to venerate.*"¹

The historic *Farman* of Shah Alam, dated 12th August, 1765, by which the Company secured the Diwani of the Bengal *Subah*, and the articles of agreement* between the Nawab of Bengal, Najm-ud-Daulah, and the Emperor, Shah Alam, dated 10th August, 1765, provided² that the Company was to be security for the regular payment by the Nawab to the Emperor of the sum of twenty-six lakhs of rupees per annum as the royal tribute and that, as the Company was to assume responsibility for the military defence of the *Subah*, it was to appropriate to its own use the remainder of the revenues after paying for the expenses of the *Nizamat* the annual sum of *Sicca* rupees 53,86,131-9-0. So far as the Emperor was concerned, the amount allotted to him was nothing but a windfall, for he had so far received nothing from Bengal, and he now received payment for granting to the Company what was scarcely his to grant. But still, even though the right of the Emperor was purely nominal, his formal recognition of the Company's status was bound to carry weight not only with

¹ Beng. Sel. Com., Jan. 16, 1767.

² Beng. Sel. Com., Sept. 7, 1765.

the Indian power but with the rival European merchants settled in the country. As for the Nawab who was virtually deprived of all his powers and resources, the amount sanctioned for him was barely sufficient for his household expenses and for the support of his dignity. Thus, the grant of Diwani conferred on the Company the right to enjoy³ all the surplus revenues of the *Subah* after providing for the Emperor's tribute and the Nawab's allowance. The company thus became, to all intents and purposes, "*the sovereigns of a rich and potent kingdom.*"⁴

The English Resident at the court of Murshidabad exercised the functions of the Diwani as the Collector of the King's revenue under the supervision of the Select Committee at Calcutta. Along with Muhammad Riza Khan, who was the Company's Naib Diwan for Bengal, he superintended the whole collections, received the monthly payments from the zamindars, disbursed the stated revenues allotted to the Emperor and the Nawab, inquired into the causes of deficiencies, redressed injuries sustained or committed by the revenue officers, transmitted the accounts of his office, the invoices of treasure and a monthly account of the treasury to the President and Select Committee.⁵ The Resident was subsequently designated "Collector of the Dewanny".⁶ The collection of the revenue of Bihar was placed under the control of the Chief at Patna. Though he acted in conjunction with the Naib Diwan for Bihar, Raja Dhiraj Narayan, and after the latter's dismissal, Raja Shitab Ray, he was subject to the super-

³ Beng. Sel. Com., Oct. 5, 1765.

⁴ Letter to Court, Sept. 30, 1765.

⁵ Letter to Court, Jan. 24, 1767.

⁶ Beng. Sel. Com., Feb. 11 1767.

vision of the Resident at the Durbar to whom he forwarded the collections as well as the monthly accounts of his office. The Resident transmitted them to the Select Committee at Calcutta. It is apparent therefore that the Resident at the Durbar occupied a key position in the Diwani machinery, and his duties were both multifarious and important. In view of this fact, the Directors insisted⁷ that this officer was to be chosen not merely on the ground of seniority in the service, but on the ground of an established reputation for integrity, efficiency and a knowledge of the country language. As the Resident also held the office of the Chief of the Factory at Cossimbazar, it was soon realised that he could not be expected to exercise the functions of the two offices satisfactorily. The authorities at Calcutta therefore separated the two offices in 1768 under instructions⁸ from the Directors, but they were entrusted to the same person once again in 1772 when the treasury was removed from Murshidabad to Calcutta.

The office of the Naib Diwan previously carried no fixed salary, for the Nawab's ministers enjoyed valuable emoluments and perquisites in accordance with the custom of the country. But, Muhammad Riza Khan urged upon the authorities at Calcutta to fix a regular salary with which he could maintain the dignity of his office. This, he argued,⁹ would "prove more honourable to himself and advantageous to the revenue". The Select Committee thereupon resolved at a meeting held on 31st December, 1766, that in lieu of all the emoluments hitherto enjoyed by the Naib Diwans, an annual salary of twelve lakhs of rupees

⁷ Letter from Court, Dec. 24, 1765.

⁸ Letter from Court, Nov. 20, 1767.

⁹ Beng. Sel. Com., Dec. 31, 1766.

would in future be assigned to them, the amount to be deducted from the monthly collections and divided among Muhammad Riza Khan, Rai Durlabh, and Shitab Ray, the three Naib Diwans of the *Subah*. The proportions¹⁰ allotted to them were fixed as follows: nine lakhs to Muhammad Riza Khan, two lakhs to Rai Durlabh and one lakh to Shitab Ray. The salaries allowed to the ministers were exorbitant, but they were at first justified by the authorities on grounds of past usage as well as political considerations. Subsequently, the amount had to be reduced in accordance with the wishes¹¹ of the Directors who wanted that Muhammad Riza Khan should receive no more than five lakhs of rupees per year.

Though the Diwani implied the assumption of a fair portion of administrative jurisdiction, the fact was not realised by the Directors who thought that they could appropriate the surplus revenues without discharging the administrative duties of the Diwan. In fact, they strongly enjoined upon their servants not to interfere with the work of the government either directly or indirectly. In their letter of 17th May, 1766, the Directors wrote¹² as follows: "We observe the account you give¹³ of the office and power of the King's Dewan in former times was 'the collecting of all the revenues, and after defraying the expenses of the army and allowing a sufficient fund for the support of the Nizamat, to remit the remainder to Delhi'. This description of it is not the office we wish to execute; the experience we have already had in the province of

¹⁰ Letter to Court, March 17, 1769.

¹¹ Letter from Court, April 10, 1771.

¹² Letter from Court, May 17, 1766.

¹³ Letter to Court, Sept. 30, 1765.

Burdwan convinces us how unfit an Englishman is to conduct the collection of the revenues, and follow the subtle native through all his arts to conceal the real value of his country, to perplex and to elude the payments. We, therefore, entirely approve of your preserving the ancient form of government in the upholding the dignity of the Soubah." The Directors added, "We conceive the office of Dewan should be exercised only in superintending the collection and disposal of the revenues, which office, though vested in the Company, should officially be executed by our Resident at the Durbar, under the control of the Governor and Select Committee." "The administration of justice, the appointment of offices or zemindarries", they continued, "in short, whatever comes under the denomination of civil administration, we understand is to remain in the hands of the Nabob or his Ministers."

The reasons why Clive was unwilling to accept the responsibilities and obligations implicit in the Diwani are easy to understand. *Firstly*, it was apprehended that a precipitate or extensive assumption of public authority was bound to give umbrage to other rival European nations, and thereby embarrass England's position from the European point of view. *Secondly*, the Company's position in England itself was not secure, and it was deemed politic to guard against all possible chances of Parliamentary intervention in its affairs. *Thirdly*, the authorities did not have at their disposal an adequate number of trained and competent English officials who could be called upon to fulfil the obligations of the Diwani in the spirit and the letter. *Fourthly*, an open avowal or assumption of public power was dangerous also from the Indian point of view, for such a step might cause displeasure both in and outside

Bengal. *Fifthly*, it was considered more economical to leave the actual work of administration in the hands of the Nawab's officials than to take over the whole responsibility on the shoulders of the Company's own servants, for, as Clive wrote¹⁴ to the Directors, "three times the present number of civil servants would be insufficient for that purpose." *Sixthly*, under the sanction of a titular Nawab, it was believed, all encroachments could be more easily checked, and all grievances more expeditiously examined and redressed. *Lastly*, Clive and his Select Committee considered it financially more profitable to avoid the responsibilities of government, for in that way alone they hoped to save a huge sum¹⁵ annually which could defray all the expenses of the Company's investment, furnish the whole of the China Treasure, meet the demands of the other English settlements in India, and still leave a considerable balance in the treasury.

In justification of their plan, Clive and his Select Committee mentioned the following advantages thereof in their letters¹⁶ to the Court of Directors. *Firstly*, revolutions would no longer be possible in Bengal, for the means of effecting them would in future be wanting to the Nawab. *Secondly*, the Company's servants would no longer find it profitable to foment disturbances from which there could be no benefit to themselves, for restitution money or donations could not be obtained from the revenues now under the control of the Company. *Thirdly*, the abuses inevitably resulting from the assumption of public authority would be

¹⁴ Letter to Court, Sept. 30, 1765.

¹⁵ Letter to Court, Sept. 30, 1765.

¹⁶ Letter to Court, Sept. 30, Nov. 28, 1765, Jan. 31, Sept. 8, 1766.

effectually obviated. *Fourthly*, the possessions and influence of the Company would be rendered permanent and secure. *Fifthly*, the surplus revenues would be sufficient to finance the Company's China trade, provide for its investment, relieve the wants of the other Presidencies, and pay off the Company's Bonds. *Sixthly*, the Company would no longer depend for the support of their military establishment on the Nawab's bounty. *Seventhly*, the Nawab henceforth would have nothing but the name and shadow of authority, and he could no longer answer the expectations of the venal and mercenary out of his insufficient stipend. *Lastly*, the worst that might happen in future to the Company would proceed from temporary ravages only, which could never become so general as to prevent the Diwani revenues from yielding a sufficient balance to defray the civil and military charges and furnish the necessary investments.

Under the dual system that Clive introduced, the Nawab remained the ostensible source of power, but actually he was turned into a pensioner of state, a rubber stamp at the disposal of the authorities at Calcutta. Though the Company was the *de facto* sovereign, everything was done in the name of the Nawab, and the fiction of a Nazim's government was carefully maintained. In view of the inexperience and incapacity of the young Nawab, Najm-ud-Daulah, who was recognised as the Subahdar of Bengal after the death of his father, Mirjafar in 1765, Clive and his Select Committee placed the administration in the hands of deputies, and partitioned the central executive in a manner which prevented all power from being concentrated in the hands of Muhammad Riza Khan, Naib Diwan, and associated the latter in the work of govern-

ment with Rai Durlabh and Jagat Seth, each of whom was to enjoy an equal share of influence. This triumvirate managed the affairs of the Nizamat jointly, and none of them could act singly in any measure of government, and all were subject to the control of the Company. The state treasury was placed under three different locks and keys, and each of the ministers had a key, so that no money could be disbursed for any purpose without the joint knowledge and consent of all of them. The Resident at the Durbar was authorised to inspect the treasury accounts from time to time. If any minister acted contrary to the opinion of the other two, the latter were required to give advice to the Governor so that the matter might be placed before the members of the Council or Committee. Under this partition of ministerial authority each minister became a check upon the conduct of the others, and together with the nominal Nazim they all owed their continuance to the Company.

Under the regulations¹⁷ of the Diwani administration framed by the Select Committee, the Nawab's military power was totally undermined, for he was no longer to be allowed to maintain a regular army. The regulations provided that the Nawab could keep only such number of horse and foot as the Company should deem necessary for the business of revenue collections and for the support of his own dignity. Clive believed that if the Nawab were to be allowed to have a regular military force, he would easily raise sufficient money with which he could think of regaining his sovereignty. "Even", he argued,¹⁸ "our young Nabob.....who has little abilities, and less education to supply the

¹⁷ Beng. Sel. Com., June 21, 1765.

¹⁸ Letter to Court, Sept. 30, 1765.

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 want of them; mean, weak and ignorant, as this man is, he would, if left to himself, and a few of his artful flatterers, pursue the very paths of his predecessors. It is impossible therefore to trust him with power and be safe. If you mean to maintain your present possessions and advantages, the command of the army and receipt of the revenues must be kept in your hands. Every wish he may express to obtain either, be assured, is an indication of his desire to reduce you to your original state of dependency, to which you can never return, without ceasing to exist." Deprived of soldiery, the Nawab was powerless to exercise the functions of the Nizamat, and the Company, which alone now possessed the forces for the defence of the Subah, concerned itself only with the supervision of revenue collections and refused to undertake the administrative responsibilities inherent both in the Diwani and the Nizamat. While nobody was responsible for law and order and for welfare of the people, the mock pageantry of a Nawab's administration continued its pitiful existence, with the Company acting as "the spring which concealed under the shadow of the Nabob's name secretly", gave "motion to this vast machine of government".¹⁹

The land revenue system introduced by Clive was in its essentials based on that which had formerly obtained under the Mughal regime. The ownership of all the lands in the *Subah* was vested in the State, and the right of the zamindar or the ryot implied only a certain share of the produce. The State claimed so much of the produce in the form of rents or revenues that the land itself had little economic value beyond that of the standing crop. In the best days of the

¹⁹ Letter to Court, Jan. 24, 1767.

Mughal Empire the ryot was usually free from oppression, but after its decline he was squeezed by the zamindars and other middle-men to the point of exhaustion. The Diwan collected the revenues with the assistance of his deputies or *naibs* who had under them a hierarchy of officials with varied functions and powers. These officials fell under two groups: (1) Collectors, and (2) Supervisors. The first group included the zamindars, taalluqdars, jagirdars, chaudhris, tahsildars and mutahids; the second the qanungos, daroghahs, mutasaddis and amils. The sources of the Diwani revenue may be classified under four headings: (1) land revenue, (2) duties and customs, (3) farms of trade privileges, and (4) fines and forfeitures. Of these, the revenue derived from lands formed the main item of State receipts. The other sources were more or less minor ones in point of value and importance.

The land revenue was farmed out either to the zamindars who holding their title by *sanad* or charter had in course of time acquired a sort of hereditary right and were not normally removed so long as they produced the fixed farm, or to other temporary farmers such as *ijarahdars*, or to officials directly appointed by the Diwan under such designations as Faujdars, Amils and Tahsildars. The Government made yearly contracts for the land revenue with all these various classes of tax-collectors. Unless he was a defaulter, no tax-collector was ordinarily removed or deprived of his lands. But, so long as he paid the State dues he could usually exact the maximum profit out of land revenue because of the absence of effective checks on his malpractices.

The annual *Bandobast* (or rent roll) was fixed or renewed every year on the festival day named the *Punyah*

(holy day), which ordinarily occurred in the month of May for Bengal, and in the month of September for Bihar. The Government usually settled the rent roll for each area with zamindars, if there were any, and where zamindars were not available, other farmers or even officials had to be appointed to take charge of the collections. This general *Bandobast* was followed by separate agreements, into which the zamindars, farmers or others entered with ancient owners or tenants, or with new tenants. In accordance with ancient usage, such agreements once made with tenants for lands held by them and their families were to be treated as inviolable, and the tenants were not to be oppressed so long as they paid the dues originally agreed upon. But, this usage was, however, often violated because of the absence of proper supervision. Being without appeal, the tenants not unoften deserted their lands in despair and became vagabonds or dacoits. Besides, the farming system under which the Company tried to squeeze as much revenue as was possible to collect could hardly be conducive to the welfare and prosperity of the poor tenantry.

“What a destructive system”, wrote²⁰ Mr. Richard Becher, Resident at the Durbar, in a letter to Mr. Verelst, Governor and President at Fort William, on 24th May, 1769, “is this for the poor inhabitants! The Amils have no connection or natural interest in the welfare of the country where they make the collections, nor have they any certainty of holding their places beyond the year; the best recommendation they can have is to pay up their Kistbundeas punctually, to which purpose they fail not to rack the country whenever

²⁰ Beng. Sel. Com., July 8, 1769.

they find they can't otherwise pay their Kists and secure a handsome sum for themselves." "On this destructive plan, and with a continual demand for more revenue", continued Mr. Becher, "have the collections been made ever since the English have been in possession of the Dewannee."

The following figures will indicate the extent of the increase of Bengal revenues during the administration of Clive:—

May		April		Total Revenues
1765	to	1766	Cur. Rupees	149,46,024
1766	to	1767	" "	224,67,500

One of the principal defects of the revenue system of this period was the over-assessment of many areas, due to the lack of an exact knowledge of their real value. It was impossible to fix the just value of the lands until a complete measurement was made thereof, and their gross produce fully ascertained. This is why Clive took a keen interest in the work of survey, and encouraged Captain James Rennell, Surveyor General,²¹ to complete his survey of Bengal and form one general chart from those already made by him. At his request, more assistants were allowed to him by Verelst, and a larger number of menial staff was sanctioned. The increase of expenditure on the work of survey was justified on the ground that "the benefit of such an undertaking will be an ample compensation for the charges that are attendant upon it".²² That the work of survey in those days was neither safe nor easy would be apparent²³ from the fact that, during one of his survey-

²¹ Rennell was appointed by Clive by an order of Jan. 1, 1767.

²² Letter to Court, March 28, 1768.

²³ *Vide* Rennell's Journal.

ing tours, Rennell was severely assaulted by a party of 'Sannyasis', as a result of which he received several serious cuts from their broadswords. 'Parvanahs'²⁴ were, therefore, issued to the gumastahs of all Faujdars, Amils and Zamindars, directing them to afford the surveyors every possible assistance, and the zamindars were cautioned that if they obstructed the surveyors in their work, they would be severely punished, and even dispossessed of their lands. Despite the issue of the official 'Parvanahs', the surveyors were often badly treated by the hostile zamindars and highhanded Faujdars who complained that the collection of the revenues was greatly interrupted by survey operations.

Arbitrary assessment under the designation '*Mathaut*' constituted an additional burden on the ryots during this period. The '*Mathaut*' was a general name for all extra demands made for defraying certain special expenses,²⁵ e.g., for the presentation of robes of honour, etc., on the occasion of the '*Punyah*' ('*Khalat Baha*'), the repairing of bridges and river banks ('*Poosh-tebundy*'), the payment of a customary fee to the Nazir and the Mutasaddis of the Cutcherry ('*Rasum Nazarat*'), or the maintenance of the State elephants ('*Fil Khanah*'). The '*Mathaut*' was exacted from the ryots in addition to the normal revenue, probably because the authorities feared that the Directors might not allow the aforesaid expenses. That this was an entirely vexatious taxation was, however, fully realised. After his appointment as Resident at the Durbar, Mr. Becher strongly pleaded for the abolition of such exactions on the ground that this was one of the principal causes of

²⁴ Persian Correspondence: Cop. 1, 1766-7, Nos. 53, 68, 85, etc.

²⁵ Beng. Sel. Com., April 28, 1770.

the distressed state of the country. "*I wish*", he wrote, "*the word (i.e., 'Mathaut') could be abolished and never heard of more.*"²⁶ Verelst was willing to abolish these arbitrary demands, and, at his instance, the Select Committee even agreed to forbid the levy of the '*Mathaut*' in future. This decision, however, could not be immediately enforced, and the reform was postponed until the time of Warren Hastings.

While the land revenue was collected with the utmost strictness, the revenue demand itself was considerably enhanced after the assumption of the Diwani. Even Clive saw the danger inherent in this policy. On April 25, 1766, he wrote to Mr. Palk, "To attempt further increase of revenues will be drawing the knot too tight". On September 22, he wrote similarly to Mr. Blomer, "The Company's revenues are already immense; nor can I think of increasing them by the least oppressive mode". At the time of his departure, he advised his successor "not to be very desirous of increasing the revenues, especially where it can only be effected by oppressing the landholders and tenants".²⁷ Verelst, be it said to his credit, was also opposed to the policy of increasing the revenue, and did recommend and enforce substantial abatements in 1769. "Permit me", he wrote to the Directors in 1768, "to give you my most serious opinion, founded on almost nineteen years' experience in the various branches of your revenues and in various districts of your possessions, that it is totally beyond the power of your administration to make any material addition to your rents, or remit a single rupee in specie home." But, the insistent demand of the

²⁶ Letter from Mr. R. Becher, May 24, 1760.

²⁷ Beng. Sel. Com., Jan. 16, 1767.

Directors for a steady increase in the investments without any corresponding export of specie from England, coupled with the heavy drain of silver from Bengal, forced the authorities to raise the collections even against their better judgment. In vain did the latter protest that²⁸ the enforced increase of the collection was bound to prove "destructive to the country".

The Ceded and Calcutta lands being directly under the management of the Company's servants were free from the oppression of the Amils employed in the Diwani lands, while as a result of the system initiated during the time of Clive and continued by his successors, these were more prosperous and better cultivated.²⁹ In fact, the work of the Company's servants in this sphere is in some respects of greater importance than the measures for the Diwani lands. Such was the success of the reforms in the Ceded lands that Verelst, who had been mainly responsible for these as supervisor during the time of Clive, claimed after his own Governorship that the condition of these lands formed so striking a contrast to that of the other parts of Bengal, where oppression and rack-rent prevailed, that foreigners as well as Indians eagerly wished for a more extensive application of these reforms.

These reforms³⁰ were as follows: *first*, the oppressive auction system was stopped, and fairly long leases were encouraged; *second*, a moderate rent was fixed; *third*, the increase of *Bazi Zamin* or charity lands was checked by a proper scrutiny of the sanads; *fourth*, many of the *Ryotty* lands hitherto fraudulently shown

²⁸ Beng. Sel. Com., July 8, Oct. 12, 1769. Verelst's View, p. 76.

²⁹ Beng. Sel. Com., April 11, 1769.

³⁰ Verelst's View, and Bengal District Records.

as uncultivated areas were brought to the credit of the exchequer; *fifth*, the land held by the servants in office and their dependents were assessed at a fair rate, *sixth*, the Europeans were forbidden to hold farms on their own account, or in the name of their dependents; *seventh*, nobody holding any post was allowed to hold a farm, except for a small piece of land necessary for the maintenance of his family; *eighth*, to prevent frauds and embezzlement, *pattahs* were granted to the tenants, and the amount of rent which each tenant was to pay was shown in the *pattah*; *ninth*, the cultivation of the mulberry tree was encouraged by the assessment of the mulberry plantations at a reduced rent, and waste lands were granted on favourable terms; *tenth*, to ascertain the true value of the lands, 'surveyors' were appointed to measure them, and note the quantity of land each tenant held; and, *eleventh*, the collection of additional cesses and *abvabs* was strictly scrutinised to prevent the impositions of the 'Mutasaddis' and the oppression of the farmers.

While the Ceded and Calcutta lands were in no unsatisfactory state, the condition of the Diwani lands was admittedly deplorable mainly on account of the abuses of the revenue system. The Diwani revenues were in themselves a perplexing subject, and the Indian collectors, who alone could have supplied any authentic information, found it profitable to conceal their knowledge. Besides, most of the old records had either been burnt, or carried away by Mir Qasim during his flight from Bengal. Thus, without an accurate survey of the country, which was bound to take time, a just valuation of the lands was impossible. Conjectural, hence frequently excessive, estimates had therefore to be adopted with disastrous consequences, and the balances too were

often so heavy that they could not be recovered without oppression.

Despite stringent measures taken against the oppressive Amils and Faujdars, their rapacity could not be effectively checked.³¹ The oppressed tenants were usually too poor to quit their homes and seek justice at the capital. Illegal exactions were thus made with impunity, and the long train of 'gumastahs', 'dallals', 'paikars', 'pykes', 'barqandazes', and other subordinates employed in the work of collections combined to perpetuate a thousand modes of oppression and taxation, and, in the words of Verelst, "*fattened on the spoils of the industrious ryot*".³² The resumption of the charity lands reacted adversely on the economic condition of the people, as a large number of people were suddenly reduced to beggary.³³ Such was the misery of the former holders of the charity lands that they were obliged to pay the revenue by selling their necessary household goods, or even by pawning their children.³⁴

The administration of the revenue was further complicated during this period by the anomalous and unscientific character of the silver currency. As no two mints struck coins of a uniform fineness or weight, no actual coin could be treated as the standard coin. In consequence, a nominal coin, called the current rupee, was invented, by which the numerous types of rupees were valued by the *sarrafs*. Besides, a varying rate of 'batta' was charged on the 'sikkahs' which were triennially recoinced, and as the ryots had to pay the

³¹ Beng. Sel. Com., Oct. 12, 1769.

³² Verelst's View, p. 75.

³³ Siyarul Mutakhkhirin (Lucknow Text), p. 828.

³⁴ Muzaffar Namah (Allahabad Univ. Ms.), p. 538.

revenue in the newly coined '*sikkahs*' of which a sufficient quantity obviously could never be available, they had to pay an additional '*batta*' for paying the revenue in rupees of previous years. The '*batta*', therefore, considerably added to the burden of the tenants. The latter had to receive payment for their produce in coins whose value they could not understand, and when they paid those very coins for rent, their value was deducted according to a calculation which they were too ignorant to grasp. Although the tenants were encouraged to pay the revenue in gold mohurs, the experiment did not succeed owing to the over-valuation of the *mohurs*.

The administration of law and justice, which has a vital connection with the administration of revenue, was equally unsatisfactory throughout this period because of the anomalous character of the government under which the Company's servants were prevented from assuming a direct responsibility for it. Left to the nominal care of the Nawab and his Ministers who possessed no real powers, the machinery of law and justice in the Diwani portion of Bengal lost its former efficacy, and virtually ceased to operate beyond the narrow circle round about the capital. Calcutta and the Ceded lands, being directly under the control of the Company's servants, had of course regular courts of justice, but even there the judicial organisation was not free from anomalies and imperfections.

In accordance with the traditions of Mughal administration, the judicial powers in the *Subah* were shared between the Nawab and the Diwan. In theory, the Nawab was the Supreme Magistrate in the province, and was responsible for the maintenance of the peace and administration of criminal justice, while the Diwan, by virtue of his office as the head of the provincial ex-

chequer, held charge of civil jurisdiction, and was the highest judge in all civil and revenue matters. This line of demarcation between the jurisdiction of the Nizamat and the Diwani was, however, practically obliterated after the assumption of the Diwani by the English. Despite its accession to the office of Diwan, the Company strictly enjoined upon its servants not to interfere in the administration of justice, while the Nawab had neither the power nor the means to enforce the criminal jurisdiction of the Nizamat. The regular course of justice was thus, in the words of Warren Hastings, everywhere suspended. Muhammad Riza Khan, who held the offices of Naib Diwan and Naib Nazim, was more concerned with the collection of the revenue than with the exercise of civil and criminal jurisdiction. In consequence, there was a breakdown in the administration of law and order in the Diwani lands, and there were very few law courts having more than a nominal existence outside Murshidabad. In the countryside lawlessness was on the increase owing to the impotence of the Nizamat, and the number of dacoities rose to an alarming extent.³⁵ The 'Sannyasi' raiders, above all, created havoc in the outlying parts of Bengal, and the parganah battalions found it increasingly difficult to cope with this danger.³⁶

At Murshidabad the following officers had their courts³⁷:—

1. The *Nazim* who, as Supreme Magistrate, pre-

³⁵ Muzaffar Namah, p. 441.

Committee of Circuit, June 28, 1773.

Beng. Rev. Cons., Nov. 17, 1772, etc.

³⁶ Beng. Sel. Com., April 30, 1767.

³⁷ Letter from the Committee of Circuit, Aug. 15, 1772.

Siyar, pp. 828—34.

sided personally at the trial of capital offenders and held a court every Sunday.

2. The Diwan who was supposed to decide cases relating to real estates and landed property, but seldom exercised this authority in person.

3. The *Daroghah-Adalat-al-Alia*, or the *Naib Nazim* who was the judge of all matters of property, excepting claims of land and inheritance, and took cognizance of quarrels, frays and abuse.

4. The *Daroghah-Adalat-Diwani*, or the *Naib Diwan* who decided cases relating to landed property.

5. The *Faujdar* who was the chief police officer and judge of all crimes not capital.

6. The *Qazi* who, besides being the judge of all claims of inheritance or succession, performed the ceremonies of weddings, circumcision and funerals.

7. The *Muhtasib* who took cognizance of drunkenness, the vending of spirituous liquors and intoxicating drugs, and false weights and measures.

8. The *Mufti* who expounded the law and wrote the *fatwa* applicable to the case, in accordance with which the *Qazi* pronounced his judgment.

9. The *Qanungo* who, as Registrar of the lands, acted as a referee in cases relating to lands.

10. The *Kotwal* who was Peace Officer of the night, subordinate to the *Faujdar*.

From the above list it would be apparent that there were properly three courts for the decision of civil causes, and one for police and criminal justice. Of these the courts of the *Naib Diwan* and the *Faujdar* alone were of some practical utility. The courts did not always adhere to their prescribed bounds. Not only the Civil Courts encroached upon each other's authority, but both Civil and Criminal Courts some-

times took cognizance of the same subjects. In the districts the Faujdars acted as magistrates and chiefs of police, and had jurisdiction in criminal matters. They had under them '*Thanahdars*' and '*Kotwals*' who helped in maintaining the peace in villages and towns respectively. It is to the Faujdars therefore that the people in the districts looked up for justice, although acts of oppression on their part were not uncommon. The Qazi had his substitutes or Naibs in the countryside, but their legal powers were too limited to be of general use, and the authority which they assumed, being often warranted by no lawful commission, was usually a source of oppression. By virtue of their position in the hierarchy of Diwani, the *amils*, *shiqdars*, *naibs* and *tahsildars* had some jurisdiction in revenue cases, while the *Mutasaddis* who were clerks in the Revenue Department and the *Qanungos* who kept registers of the value, tenure and transfer of lands acted as referees in cases of dispute or uncertainty regarding rights in land. In the interior of the country, particularly in rural areas, the Zamindar in his private cutcherry administered a rough-and-ready type of justice, and, although, he did not preside over the local Faujdari Court, as has been wrongly stated in the Sixth Report³⁸ of the Committee of Secrecy, 1773, his criminal jurisdiction may have extended at least to the petty offences committed in his area.

That the organisation of law and justice was in a deplorable condition will be apparent from the following facts. The officers of justice received their appointments not on grounds of merit and suitability, but usually as a matter of official favour or indulgence. In

³⁸ Sixth Report of the Committee of Secrecy, p. 2.

consequence, corruption was rampant and "the painful task of rendering justice" was turned, in the words of the contemporary chronicler, "into a powerful engine for making a fortune".³⁹ The judges were not paid fixed salaries. They derived their emoluments from fines and recognised perquisites, but there was no one to check the rate of the perquisites they drew from their office. The office of the Qazi could also be leased out and underleased. The result was that people, ignorant even of the main principles of religion and law, took leases of what they called the Qazi's rights, and openly underleased them to others. Justice was not impartially enforced in all cases, as the decision of the judges was in most cases "a corrupt bargain with the highest bidder".⁴⁰ On receiving a suitable fee, the Qazi could always "*turn right into wrong and injustice into justice*".⁴¹ The levy of one-quarter, called the *Chauth*, on the amount of all property recovered by the decrees of the courts, was a highly iniquitous and oppressive mode of taxation sanctioned by the Government. Another serious defect in the judicial system was the want of properly graded subordinate courts for the distribution of justice in such parts of the province as lay out of the reach of the courts at Murshidabad. In consequence, only the well-to-do or the vagabond part of the population could afford to travel so far for justice. Owing to the absence of an effective control from the headquarters, it was easy for people in the interior to assume judicial powers without any lawful title or commission. It was to prevent this growing evil that the Supervisors were required to check and

³⁹ Siyar, p. 829.

⁴⁰ Beng. Sel. Com., Aug. 16, 1769.

⁴¹ Siyar, p. 828.

register the *sanads* of all officers of justice. The Supervisors were also instructed to put an end to all arbitrary fines such as the *Faujdari Bazi Jama* which constituted an additional incentive to bribery and oppression. Registers and records of proceedings were not kept by the courts, and this too encouraged the propensity of the judge to corruption and fraud. Besides, certain practices sanctioned by Muslim law were also extremely anomalous, such as the infliction of fine, instead of capital punishment, for murder with an instrument not formed for shedding blood, or the privilege granted to sons or the nearest relations to pardon a murderer.

In the Ceded lands administration of justice was more regular, because the Chief of Chittagong, or the Residents at Midnapur and Burdwan, in addition to their normal duties were also concerned with the courts of justice in their districts. They were invested with the superintendence of the Faujdari jurisdiction, and were authorised to arrest robbers, dacoits and other disturbers of the peace. Appeals against their decision could be made to the Governor and Council. In cases of capital punishments, they usually sought the advice of the latter. The following⁴² were the main courts of law in the Ceded districts:—

1. *The Sadar Cutcherry* which dealt with cases pertaining to land-rents and landed property.
2. *The Bakshi Dastur* which dealt with matters concerning the police.
3. *The Faujdari Adalat* which dealt with criminal matters including capital offences.
4. *The Barah Adalat* which was a court of '*Meum*' and '*Tuum*' for all demands above fifty rupees.

⁴² Verelst's View, Appendix, pp. 219–20.

5. The *Amin Dastur* which was subordinate to the *Sadar Cutcherry*.

6. The *Chotah Adalat* which took cognizance of petty suits for debts not exceeding fifty rupees.

7. The *Bazi Zamin Dastur* which dealt with causes relating to charity and rent-free lands.

8. The *Bazi Jama Dastur* which took cognizance of social offences and had jurisdiction in matters concerning grants for lands and public works for the accommodation of travellers such as 'Sarais' or resting places, etc.

9. The *Kharaj Dastur* which dealt with the settlement of the landholders' accounts.

At Calcutta there were two sets of courts—one instituted by the royal charters and exercising jurisdiction from the English Crown over British subjects, their native employees and other persons who willingly subjected themselves to that jurisdiction, and the other, established by the Company in its capacity as Zamindar, and deriving its authority from the country government, and having jurisdiction over the local inhabitants only.

The following⁴³ courts of justice had been instituted by the royal charters:—

1. The Mayor's Court. It was a Court of Record, consisting of the Mayor and nine Aldermen. It dealt with all civil suits, except such as concerned the natives. It could take cognizance of the suits and actions between the natives also, when both the parties

⁴³ Bolts: Considerations, Chapter IX.

Verelst's View, Chapter V.

Second Report, 1772.

Sixth Report of the Committee of Secrecy, 1773.

concerned, by mutual consent, submitted the same to its determination.

2. The Court of Appeals. It was also a court of Record, consisting of the Governor and Council, which heard appeals against the decrees of the Mayor's Court.

3. The Court of Requests. It consisted of twenty-four Commissioners who sat on every Thursday to determine summarily all petty suits as did not exceed five pagodas, or forty Shillings in amount.

4. The Court of Quarter Session. The Governor and members of the Council who had power to act as Justices of the Peace held Quarter Sessions four times in the year, and at all other times, they acted as Commissioners of Oyer and Terminer and Gaol Delivery to try criminal causes. They could appoint and summon Grand and Petty Juries for the purpose of such trials.

Besides the aforesaid courts, there were the following courts⁴⁴ established under the authority of the country government:—

1. The Court of Cutcherry. It consisted of the Company's servants under Council, any three of whom including their President met upon days stated at their own option to hear all matters of '*Meum*' and '*tuum*', wherein only the native inhabitants of Calcutta were concerned. Appeals from the decisions of this court could lie to the Governor and Council. The Court levied special '*Pachotra*' or tax upon the amount of the suits instituted before them.

2. The *Zamindary* or *Faujdari* Court. It was presided over by a member of the Council or sometimes a servant under Council alone. His duty was to deter-

⁴⁴ Bolts: Considerations, pp. 27–8.

Verelst's View, pp. 80–3.

mine in a summary fashion all causes of a criminal nature among the native inhabitants who did not apply to the English court of justice.

3. *The Collector's Cutcherry.* The Collector who was usually a member of the Council took cognizance of all causes and disputes relating to the payment of the revenues. From the very nature of his office, he was concerned with the police of the town of Calcutta.

4. *The Caste Cutcherry.* The Court which was presided over by some distinguished Hindu official nominated by the Governor took cognizance of all matters relative to the caste observances of the Hindus. In the exercise of his authority, the judge was assisted by a number of learned *Brahmin* priests in consultation with whom he pronounced judgment.

The judicatures established at Calcutta were not insufficient for the ordinary requirements of the Settlement, but their jurisdictions were ill-defined, and their constitution was not wholly satisfactory. As the courts were more or less an off-shoot of the executive machinery itself, executive power and judicial authority were concentrated in the hands of the same person, i.e., the Governor and Council. Bolts' denunciation of the whole system of justice is doubtless exaggerated and biassed, but it at least serves to expose the anomalous character of a system under which, to use his own words, the Governor and Council could, in fact, be the parties to prosecute, the magistrates to imprison, the judges to sentence, the Sovereigns to order execution, and such despots in authority that no grand or petit jury would easily venture to disoblige them. Owing to its ill-defined authority, the Mayor's Court often assumed powers in the words of a contemporary writer, "if not

illegal, at least impolitic.”⁴⁵ The terms of its institution being vague, there was room for doubts as to whether its authority could extend beyond the Maratha Ditch, whether the native employees of the Company could be deemed to be British subjects, and whether they could be subjected to the laws of England. The constitution of the courts further did not provide for the appointment of experienced lawyers as judges. As a consequence, judicial power rested in the hands of men who had no training in law. The judges were not always even senior in age and service. The position and powers of the Cutcherries too were ill-defined, and the want of a proper demarcation of their respective jurisdictions often encouraged people to carry causes already tried by one court for a fresh trial to the other.

Currency reform constituted one of the most perplexing problems that had to be faced during the period of the Diwani administration. In an age when the economic science was yet in its infancy, it was wellnigh impossible for the Company's servants to view the currency questions in their true perspective. Their knowledge of the economic principles being rudimentary at best, their currency measures were necessarily imperfect and amateurish. The most serious aspect of the currency question was the scarcity of silver. At last, to counteract in some measure the alarming consequences of the scarcity of the current specie, Clive decided in 1766 to introduce a gold currency, though he knew⁴⁶ that this bimetallic plan could be no more than a temporary palliative.

⁴⁵ Considerations on a Pamphlet entitled “Thoughts on our Acquisitions in the East Indies”, 1772, p. 43.

⁴⁶ Letter to Court, Jan. 31, March 24, 1766.

Clive's gold currency, however, proved a failure. In fact, it made the existing situation still worse, and silver began to disappear from circulation more rapidly. When silver was available at all, it commanded a heavy premium; in other words, the value of gold fell heavily in terms of silver. In Verelst's time the gold mohurs of 1766 passed at a discount even up to 38 per cent. The scarcity of silver became so acute that the bankers complained that they had no silver to give in exchange for the gold mohurs. There were in consequence a large number of bankruptcies among the merchants and bankers. It became difficult for the townspeople to procure even common necessities or meet petty liabilities for want of silver coins.

One of the crying evils of the period was the tyranny under which Bengal groaned because of the participation of the Company's servants in the inland trade. They freely misused the Company's *Dastak* to seek exemption from internal duties and grasped nearly the whole of the country's inland trade. Such was the enormity of the evil that Clive himself had to admit that the Company's servants and their Indian gumastahs had "traded not only as merchants, but as sovereigns", and had "taken the bread out of the mouths of thousands and thousands of merchants, who used formerly to carry on the trade, and who are now reduced to beggary".⁴⁷

While the Indian merchant starved for want of those accustomed profits which were now monopolised by the Company's servants, the cruelty and highhandedness of their gumastahs brought ruin to the poor ryot who was not only forced to purchase goods at abnor-

⁴⁷ Clive's speech in the House of Commons, March 30, 1772.

inally inflated prices—a practice called “*Burjat*” or “*Guchavat*”, but was fleeced and tormented in innumerable other ways. Regulations were issued to check the evil practices of the gumastahs, but to no effect. It is to the credit of the Directors that they not merely condemned⁴⁸ the conduct of their rapacious servants in the severest of terms, but specially charged Clive with the task⁴⁹ of remedying the evils of private inland trade itself.

Clive and his Council took up the work of reform in right earnest in October, 1764, when they resolved⁵⁰ to restrict the private trade of the Company’s servants to salt and betelnut under specific conditions, and made the payment of duty obligatory. They also issued strict orders forbidding the oppressive practice of selling goods at prices above the market rate. But, the scheme which they finally adopted in 1765 for the purpose of putting the inland trade on an equitable footing was the establishment of a Company, known as the Society of Trade.

The plan of the Society of Trade which was originally adopted by the Council at its meeting held on 10th August, 1765, had the following features. The Society was to be an exclusive company entrusted with the whole trade in salt, betelnut and tobacco, and was to be composed of all those who might be deemed justly entitled to a share. A proper fund was to be raised by a loan at interest in support of this trade. All salt, betelnut and tobacco produced in or imported into Bengal would be purchased by this Society by con-

⁴⁸ Letter from Court, Feb. 8, 1764, March 26, Dec. 24, 1765, etc.

⁴⁹ Letter from Court, June 1, 1764.

⁵⁰ Beng. Secret Cons., Oct. 17, 1764.

tract on reasonable terms, and then resold at selected places to the country merchants through its agents. A Committee of Trade consisting of four persons was to be appointed for the management of the whole scheme.

When the plan came up for final consideration before the Select Committee on 18th September, it was agreed by it that it would be more to the interest of the Company "to be considered as superiors of this trade and receive a handsome duty upon it than to be engaged as Proprietors in the stock",⁵¹ and that the duty should be collected on the following rates:—

"On salt, 35 *per cent.* valuing the 100 maunds at the rate of 90 Rupees, and in consideration hereof the present *Collaree* Duty to be abolished. On betelnut, 10 *per cent.* on the prime cost. On tobacco, 25 *per cent.* on the prime cost." It was estimated that the Company would get "a clear revenue of at least £ 100,000 Sterling" per annum from these duties. It was also agreed that the proprietors in the stock were to be arranged into three classes. The first was to comprise the Governor with five shares, the second member of the Council with three shares, the General with three shares, ten gentlemen of the Council with two shares each, and two Colonels with two shares (in all 35 shares). The second was to consist of one chaplain, fourteen junior servants, and three Lieutenant Colonels, in all eighteen persons, each of them being entitled to one-third of a Councillor's proportion or two-thirds of one share (in all twelve shares). The third was to be composed of thirteen factors, four Majors, four first Surgeons at the Presidency, two first Surgeons at the army, one secretary

⁵¹ Beng. Sel. Com., Sept. 17, 1765.

to the Council, one sub-accountant, one Persian translator and one sub-export warehouse-keeper, in all twenty-seven persons, each of them being entitled to one-sixth of a Councillor's proportion or one-third of one share (in all nine shares). The plan was finally approved and confirmed by the Council on the 25th September.

The authorities at Calcutta justified the institution of this peculiar Society on the following grounds: *Firstly*, this Society was expected to remove the inconveniences of free trade. *Secondly*, its formation would indemnify the Company's senior servants who were entitled to '*Dastaks*'. *Thirdly*, the Company would benefit to the extent of half the profits in the shape of duty. *Fourthly*, the loss sustained by the Company's servants from the prohibition of private presents would be compensated by the profits of this Society. *Fifthly*, the salaries being inadequate, the Company's servants needed extra emoluments to maintain themselves in this country and return home with comfortable fortunes. *Sixthly*, the people would get the commodities at a cheaper price than was possible before. *Lastly*, even in the past the trade in salt used to be a monopoly of the Nawab's favourites.

Despite all that was urged in favour of this venture, it was peremptorily discountenanced by the Directors. They rightly emphasized that it was neither consistent with their honour, nor their dignity to promote such an exclusive monopoly which was bound to perpetuate the abuses of the inland trade to the detriment of the local inhabitants. But, their prohibitory orders⁵² reached Calcutta in December, 1766, a little

⁵² Letter from Court, May 17, 1766.

too late, for the term of the Society had already been renewed for another year in September last on a slightly amended plan.⁵³ This second plan marked certain innovations:—

Firstly, all salt was now to be sold at Calcutta, and at the other places where it was made and nowhere else, and it was to be resold only through Indian Agents; *secondly*, the shares now raised to 60 were to be divided as follows :—

Class one with 32 shares, class two with $14\frac{2}{3}$ shares, and class three with 9 shares, the remaining $4\frac{1}{3}$ shares to be determined later; *thirdly*, the duty payable to the Company was now considerably raised; *lastly*, the maximum price of salt was now fixed at two rupees per maund. In obedience, however, to the orders of the Directors, Clive and the Select Committee decided on the 16th January, 1767, that this Society was to be abolished and the inland trade totally relinquished on the first day of September next. It appears, however, that the Society was actually wound up on the 14th September, 1768.

Though the Society of Trade was disapproved, the fact was undeniable that the salaries of the Company's servants were absurdly low. For example, even a Councillor's salary was scarcely three hundred pounds per annum, but, according to Clive, a Councillor required at least three thousand pounds to make both ends meet. The same proportion held among the other servants whose salaries were very much lower. The basic salary of the youngest writer was only five pounds per year, though his total remuneration amounted to four hundred rupees per annum because of some extra allowances he received. One of the

⁵³ Beng. Sel. Com., Sept. 3, 1766.

principal sources of their income was usury, but even this was interdicted by Clive and his Select Committee who decided in 1765 that no servant of the Company was to lend money at a higher rate of interest than 12 per cent. per annum.⁵⁴ Their practice of receiving gratuities from the Nawab or his Ministers was also disallowed⁵⁵ by the Directors in 1766. In order to inculcate economy, the latter issued some grandmotherly regulations in 1767, prohibiting⁵⁶ extravagant living, but even these could hardly meet the situation. They were not allowed to hold farms of lands, and Clive and his Select Committee prohibited them from doing this on pain of suspension from the service.⁵⁷ Their misuse of the '*Dastak*' too was prohibited more than once, and their participation in the inland trade was looked upon with severe displeasure. Their right to receive private presents in any shape was also taken away by Clive under orders from the Directors. The only lawful source of income still left open to them was trade in the articles of export and import only, although the scope therein was extremely limited on account of the growth of the Company's own investments. The abolition of *double-batta*, enforced with an iron hand by Clive, caused special hardship to the military officers.

It was therefore to provide their senior servants with something more than a bare living that the Directors decided in 1767 to grant them a percentage on the revenues. The grant was meant, in the words of the Directors, "to give them a reasonable encouragement to exert themselves with zeal and alacrity in their

⁵⁴ Beng. Sel. Com., Oct. 5, 1765.

⁵⁵ Letter from Court, May 17, 1766.

⁵⁶ Letter from Court, March 24, 1767.

⁵⁷ Beng. Sel. Com., Oct. 5, 1765.

several departments, but which they are to look upon as a free gift from the hand of their employers, offered to them annually so long as the present revenues shall remain with the Company, and their behaviour shall continue to merit such a reward.”⁵⁸ This new emolument was a commission of $2\frac{1}{2}$ per cent. on the net revenues. The total sum thus available was to be divided into one hundred shares for appropriation by the principal civil and military servants in graded proportions fixed by the Directors. Among civilians, while the Governor was to have thirty-one shares, a junior member of the Council was to have only one share and a half. Among the military officials, a Colonel was to have two shares and a half, while a Major was allowed only three-quarters of a share. The junior military officers were to receive an extra daily allowance in compensation for the loss of *double-batta*. While a Captain was to have three Shillings a day, an Ensign was allowed only one Shilling. In a subsequent order the Directors laid down a new plan of distribution, according to which one-eighteenth part of the percentage was to be set apart for Major-General Coote, Commander-in-Chief, while the remainder, divided into one hundred parts, was to be distributed to the principal officials in proportions slightly different from those specified above.

This belated generosity on the part of the Company failed to check the greed and rapacity of its servants. They received the percentage, and still made large fortunes from private trade which they managed to carry on under the names of their Indian *banyans*. In short, these *banyans* who actually became the lords

⁵⁸ Letter from Court, Nov. 20, 1767.

of their European masters were the source of the worst oppressions in the country. Warren Hastings thus wrote⁵⁹ about them, "Were the *Banyan* himself the appointed tyrant of the country, there would be less danger of his abusing his power to a great excess, because being responsible and having no real dignity or consequence of his own, he might be easily called to an account for his conduct, and made to suffer for it. But, as his master is the responsible person, he is encouraged to go to what lengths he pleases in the certainty of impunity, and I am sure he will go to all lengths, because he has no tie or principle to restrain him." In almost similar vein, Clive described how the *banyan* was the evil genius of the Company's servant, in the course of his speech in the House of Commons on the 30th March, 1772, ".....he (the Company's servant) is in a state of dependence under the banyan, who commits such acts of violence and oppression, as his interest prompts him to, under the pretended sanction and authority of the Company's servant. Hence, Sir, arises the clamour against the English gentlemen in India." Thus, both the Company's servants and their Indian *banyans* and *gumastahs* combined to spread the baneful effects of monopoly and extortion on every side of them, and the root of their malevolence lay too deep in the dual system of government for any superficial reforms or regulations to reach and destroy.

In consequence of the acceptance of Diwani, the responsibility for the military defence of the *Subah* lay with the Company, for under an agreement with the

⁵⁹ Letter from Warren Hastings to Mr. Colebrooke, March 26, 1772.

Nawab concluded⁶⁰ early in the year 1765, the Governor and Council at Calcutta had engaged themselves to secure to him the *Subahdari* of the provinces of Bengal, Bihar and Orissa and to support him therein with the Company's troops against all enemies, and had expressly promised to keep at all times such force as might be necessary for this purpose. It had also been agreed to by the Nawab that as the Company's forces would be cheaper and more serviceable than any he himself could maintain, he was to entertain none but such as would meet the requirements of civil administration and his own personal needs, and disband the rest of his useless rabble. Soon after Clive's assumption of office, the Nawab was disallowed to keep even his own palace troops, and was forced⁶¹ to accept about 1500 of the Company's sepoys on the plea that this step would warrant a deduction of eighteen lakhs of rupees from his stipulated allowance. The Company's own Bengal army in 1765 consisted of nineteen battalions of sepoys, four companies of artillery, twenty-four companies of European infantry, one troop of hussars and about 1,200 irregular cavalry. Clive reorganised this army on a new basis which lasted throughout the period of the Diwani administration. The principal features of this reorganisation were as follows:—

First, the hussars were incorporated with the European infantry; second, the irregular cavalry were mostly disbanded; third, the European infantry was increased and divided into three single-battalion regiments of nine companies each; fourth, the whole army was finally grouped in three brigades,

⁶⁰ Beng. Secret Cons., Feb. 20 and 28, 1765.

⁶¹ Beng. Sel. Com., Sept. 7, 1765.

each composed of a troop of cavalry, a company of artillery, a regiment of European infantry, and seven battalions of sepoy; and, last, three battalions, one from each brigade, in conjunction with eight new battalions, solely dependent on the revenue authorities, were specially set apart for the unsoldierly work of enforcing revenue collections under the designation of Parganah Battalions—a semi-disciplined force which earned a distinct notoriety in this period by its highly oppressive conduct towards the defenceless ryots and its frequent insubordination to the civil authorities.

What constituted from Clive's day a thorny question in respect of the Company's army was its ever-recurring attitude of independence towards the civil executive. The problem of the due subordination of the military to the civil authorities, which had always been present since the early days of the Company, was particularly acute in Bengal during this period. It is noteworthy, however, that the Directors had always insisted⁶² that the military must be kept subordinate to the civil government, but only a master-hand like Clive could enforce this principle. He stubbornly fought against military insubordination and enforced the stoppage of presents, gratuities and, above all, *double-batta*. A dangerous conspiracy of the army officers, following the abolition of *double-batta*, was resolutely faced and broken up by Clive, and the guilty were either bound down or promptly cashiered. All through his term of office, Clive continued to inculcate⁶³ a total subjection of the army to the civil government, and in his farewell letter to the Select Committee, he

⁶² Letter from Court, June 1, 1764.

⁶³ Letter from Court, Sept. 30, 1765.

uttered⁶⁴ the following warning, "If you abate your authority over them, inconveniences and uneasiness to yourselves may not be the only consequence. I am not an advocate for arbitrary power; I am not desirous of exploding military law, but the civil power and authority of this Government must be graciously asserted and notwithstanding the confidence that on the most emergent occasions may justly be reposed in the field officers, I would have it remembered that the immediate power is vested in yourselves to dismiss any officer, let his rank be what it will, without waiting for the sentence of a court-martial."

The foreign policy promulgated by Clive and continued throughout the Diwani period was one of cautious moderation, based on a realistic grasp of the practical possibilities and dangers inherent in the situation facing Bengal on all its vulnerable sides. The fundamental principle underlying this policy was the avoidance of conquest and dominion outside the existing limits of the province. The defence of Bengal itself was an arduous charge. "To go farther", Clive maintained in one of his letters to the Directors, "is in my opinion a scheme so extravagantly ambitious and absurd that no Governor and Council in their senses can adopt it, unless the whole system of the Company's interest be first entirely new-modelled."⁶⁵ "The limits of the Nabob's dominions," he further argued, "are sufficient to answer all your purposes. These, we think, ought to constitute the boundaries, not only of all your territorial possessions and influence in these parts, but of your commerce also; since by grasping at more, you endanger the safety of those immense re-

⁶⁴ Beng. Sel. Com., Jan. 16, 1767.

⁶⁵ Letter to Court, Sept. 30, 1765.

venues, and that well-founded power, which you now enjoy, without the hopes of obtaining an adequate advantage." This policy was grounded on the following considerations. *Firstly*, a distant dominion might prove to be a burden on Bengal, both financially and militarily. *Secondly*, hazards of war and conquest could not be conducive to the growth of the Company's trade. *Thirdly*, aggression outside Bengal was likely to stir up serious trouble with the country powers. *Fourthly*, Bengal itself produced, in the words of Clive, "all the riches we are ambitious to possess". *Fifthly*, a pacific policy alone could "conciliate the affections of the country powers," "remove any jealousy they may entertain of our unbounded ambition", and "convince them that we aim not at conquest and dominion, but security in carrying on a free trade, equally beneficial to them and to us." *Sixthly*, the security of Bengal was to be sought rather in the discordancy of the views and interests of the neighbouring powers than in a policy of aggression against them. *Seventhly*, if ideas of conquest were to be the basis of English policy, Clive apprehended that the Company would, by necessity, be led from one acquisition to another. *Eighthly*, when a sufficient number of competent English officials could not be had for the administration of Bengal itself, it was out of the question to assume the responsibility of government outside the province. *Lastly*, Clive was aware of the fact that, owing to the enormous requirements of the Company's own trade investments, it was impossible to find money to undertake distant wars. This he mentioned to General Carnac immediately after his arrival in Bengal, "the expense has now become so enormous that the Company must inevitably be undone, if the Mahrattas or any other power should

invade Bihar and Bengal, for it will then be impossible to raise money sufficient to continue the war. This is a very serious consideration with me, and will, I make no doubt, strike you in the same light". The historic treaties of Allahabad which constituted the basis of Clive's political settlement with Shujaudaulah, Nawab Wazir of Oudh, and Shah Alam, the Mughal Emperor, were obviously inspired by considerations such as these.

The Settlement with the Nawab Wazir who was restored to Oudh was thus no act of generosity, for it was clearly a move inspired by expediency and common interest. Conquest, partition, or re-settlement of Oudh would each have involved risks which it was unwise to incur in the present circumstances, whereas if the Nawab Wazir was restored, his immense resources, undoubted abilities and high influence could make him a servicable and grateful ally and an effectual barrier to Bengal. But, the re-instatement of Shujaudaulah was made with certain limitations which were not only calculated for the Company's immediate benefit, but were designed ultimately to turn Oudh into a protected state. In accordance with the treaty⁶⁶ concluded with the Nawab Wazir on August 16, 1765, the latter had to agree, in return for his restoration, *firstly*, to render gratuitous military assistance to the Company in case of war or invasion, and to pay for any assistance that the Company was to grant him in similar circumstances; *secondly*, to entertain no European deserter or such other enemy as Mir Qasim or Samru, *thirdly*, to cede the valuable districts of Allahabad and Kara to Shah Alam; *fourthly*, to guarantee Balwant Singh, zamindar of Benares, in the full possession of his estate, and *lastly*,

⁶⁶ Beng. Sel. Com., Sept. 7, 1765.

to pay a war indemnity of fifty lakhs of rupees. The proposed stipulation regarding the Company's right to enjoy a free trade in Oudh was, however, not insisted on at the Nawab Wazir's earnest solicitation. In effect, therefore, Oudh became a useful buffer state, and its ruler was attached to the English not merely by the tie of gratitude, but by the motive of self-interest, for the English were his only powerful neighbour from whom he had no fear of attack.⁶⁷ The settlement with Oudh was a middle course which cemented an enduring political alliance, and ensured the security of the Company's dominion in North India throughout its formative period.

Clive's settlement with the Emperor, which, however, could not survive the period of the Diwani administration was, like the one with the Wazir, a middle course, prompted by a consideration of the realities of the situation. While it would have been inexpedient to abandon the Emperor altogether, it was positively hazardous to carry him over to Delhi. It was deemed equally foolish to put him in charge of the government of Oudh. Clive refused to play the role of a king-maker, conscious as he was of the limitations of the Company's power and position. He hit upon a simple expedient. This involved no loss to the Company, and while securing for it an Imperial patronage which, despite its nominal value, had still some importance in the eyes of the local princes and the other European nations, it provided at the same time for the Emperor's maintenance and stay under English protection. It would also create a bone of contention between the Emperor and the Wazir, making a future junction bet-

⁶⁷ Letter to Court, Sept. 8, 1766.

ween the two well-nigh impossible. This plan was embodied in the treaty of Allahabad, 1765, under the terms⁶⁸ of which Shah Alam was put in possession of the districts of Allahabad and Kara, ceded by the Wazir, and made to reside at Allahabad under the Company's protection. The Emperor on his part issued *farmans* conferring on the Company the Diwani of the Bengal provinces and on Najm-ud-daulah the *Nizamat* thereof, in return of which the Company was to guarantee the remittance of an annual tribute of twenty-six lakhs of rupees and appropriate all the surplus revenues of the *Subah* after providing for the expenses of the *Nizamat* and the royal tribute. This settlement which legalised the Company's anomalous status in Bengal converted the Emperor into a stipend-earning rubber-stamp, treated with ceremonial respect, but only as a pageant.

The interminable intrigue and faction fight at the court of Allahabad, together with the Emperor's natural discontent with his existing lot, presented in the Diwani period problems which could admit of no solution without a radical change in the foreign policy laid down by Clive. The well-meaning, but futile efforts of Verelst and Cartier to maintain the *status quo* serve only to illustrate the essential weakness of Clive's settlement. It was not possible for the Emperor to remain content with a small stipend, and a still smaller demesne, for the dream of his life was to sit on the throne of his ancestors and restore the vanished glories of the Mughal empire. While Clive and his successors did not explicitly object to his cherished plan of a march to Delhi, and even held out vague promises of support from time to time, they never seriously intended to en-

⁶⁸ Beng. Sel. Com., Sept. 7, 1765.
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gage themselves in a hazardous expedition out of Bengal, nor had they the authority of the Directors in doing so, for the latter had definitely warned,⁶⁹ "..... every step beyond the Caramnassa except in a defensive war will lead to the irretrievable ruin of our affairs". If an attitude of benevolent passivity was kept up by Clive and his successors in the matter of the Emperor's Delhi scheme, it was because they regarded it, in the words of Clive, "as the only means by which we can honourably get rid of our troublesome, royal guest".⁷⁰

Ever since the menace of a Maratha invasion into Bengal in the years following the victory of Plassey, the authorities at Calcutta had been desirous of occupying Cuttack for the purpose of strengthening the frontier on that side and for opening up a direct passage by land to and from Madras. When Clive became Governor for the second time, he sought to obtain Cuttack by peaceful negotiations with Januji Bhonsle, the Raja of Nagpur, who since his coming into possession of Cuttack after the death of his father, Raghuji Bhonsle, had been continually pressing the English for the *chauth* of Bengal. Clive considered an alliance with Januji necessary for the security of Bengal, and, unwilling to risk an open rupture, he sought to make the payment of the *chauth* conditional on the cession of Cuttack.⁷¹ The negotiations initiated by Clive and assiduously continued by his successor proved abortive in the end.⁷² Januji who had entered into these negotiations entirely from pecuniary considerations saw no

⁶⁹ Letter from Court, March 4, 1767.

⁷⁰ Beng. Sel. Com., Jan. 16, 1767.

⁷¹ Beng. Sel. Com., Jan. 16, 1767.

⁷² Beng. Sel. Com., Dec. 15, 1769.

benefit in giving up Cuttack which was a valuable base for his reserve forces. The unwillingness of the English to pay him the *chauth*, notwithstanding his repeated reminders for it down to the time of Cartier,⁷³ was also partly responsible for the failure of the negotiations.

The problem of defence as it presented itself to the English in this period was one of military forbearance. They were against aggression outside Bengal, and would not act offensively against any power, unless they were to be forced to do so in self-defence. Clive believed that, as far as the country powers were concerned, they were so distracted and divided that their ambitions could never turn towards Bengal, and that if a firm alliance could be maintained with the immediate neighbours, the latter would constitute an effective barrier or ring-fence to Bengal. An Afghan invasion was, however, the only bug-bear that kept the authorities at Calcutta on tenterhooks, and nearly all through this period the Abdali menace compelled the English to keep themselves in readiness to counteract it by either diplomatic manoeuvres or military precautions. Allahabad and Chunar were made the advanced outposts for the defence of Bengal, as they commanded the main entrance into this province from the West. The authorities at Calcutta always insisted on retaining English troops at both these places not only as a necessary check for the ambitions of the Emperor, the Wazir or the Marathas, but for guarding against unforeseen irruptions from the north-west, and for holding the general balance of Hindustan. In fact, the frontier policy of the English was founded on the basic principle of balance of power, for they recognised the fact

⁷³ Persian Correspondence, Trans. R. 1771, No. 104.

that security lay not in a policy of isolation or inactivity, but in the maintenance of a balance of power in the country.⁷⁴

The story of the years that constituted the period of the Diwani administration in Bengal makes a dismal reading, and one can not escape the verdict that the period was probably the darkest in the history of the local people.

⁷⁴ Letter to Court, March 28, 1768.

CHAPTER II

THE BIMETALLIC SCHEME OF CLIVE

The East India Company maintained silver monometallism in Bengal up to 1766, when for the first time Clive introduced a new gold coinage to supplement the *sicca* rupees of silver. This bimetallic plan of 1766 has not so far received the attention it deserves, although in his own day Clive had to answer the charge of having perpetrated frauds in his gold coinage. (*Vide* Lord Clive's Speech in the House of Commons, 30th March, 1772). Opponents of the Calcutta authorities such as Bolts characterised such a gold currency as no better than cheating. (*Vide* Bolts' Considerations, p. 204.) Actually, Clive had no selfish motives in this matter, and he was actuated only by an honest desire to improve the state of existing currency.

The underlying motive of the scheme of 1766 was only to relieve the increasing scarcity of silver, which had become serious owing mainly to the continued drain of silver from Bengal to other settlements and China, and the virtual stoppage of the import of bullion after the acquisition of the Diwani. The extent of the drain of silver will be apparent from the fact that from 1757 to 1766 Bengal lost, by deficiency in the import of bullion and by actual drain of silver, more than eight millions sterling! (*Vide* Verelst's View, etc., p. 86). The evil was aggravated by such other contributory factors as the decline of trade with the neighbouring countries, the suspension of importation of silver by the European Companies, the large expenses incurred on the troops stationed outside Bengal, the

flight of Mir Qasim with specie worth no less than 13 millions sterling, the annual tribute of 26 lakhs to Shah Alam, and the continued use of the surplus territorial revenues for the provision of the Company's annual investment.

Clive was fully cognisant of the gravity of the growing evil of the scarcity of coin, and he repeatedly requested the Directors to consider some plan to obviate the unfortunate results of the ceaseless drain of bullion from Bengal. In their letter of 31st January, 1766, Clive and the Select Committee warned the Directors that "the annual exports of treasure to China" would lead to the gradual impoverishment of Bengal. (*Vide* Letter to Court, January 31, 1766). Again, on 24th March they pleaded for some effectual remedy for the evil of the scarcity of silver. (*Vide* Letter to Court, March 24, 1766). And, in the letter of 9th December they expressed their earnest hope that the annual exports of silver to China would soon be stopped by the Directors. (*Vide* Letter to Court, December 9, 1766).

These repeated remonstrances and representations, however, went unheeded, and the Directors failed to realise the gravity of the situation. Influenced obviously by an extravagant notion of the opulence of Bengal, they under-rated the evils pointed out to them by the authorities of Fort William, and were disinclined to face the difficulties they were likely to encounter by an opposition to the popular expectations. (*Vide* Letter from Court, November 21, 1766).

To obviate in some measure the alarming consequences of the scarcity of the current specie, Clive decided in 1766 to introduce a gold currency. It has been wrongly assumed so far that Clive considered his bimetallic scheme as a permanent or effective remedy

for the scarcity of silver. It clearly appears from the original records that Clive thought of the bimetallic plan as no more than a *temporary palliative*. He informed the Directors on January 31, 1766, that the proposal for a gold coinage would rather tend "*to palliate than effectually to remedy the evil*". (*Vide* Letter to Court, January 31, 1766.) Again, a few weeks later, Clive reiterated this in the following words, "*This expedient, you are already informed, we only consider as a palliative.....we have adopted it without scruple, until some more effectual remedy be devised.*" (*Vide* Letter to Court, March 24, 1766).

Before introducing the gold coinage, Clive and the Select Committee had to discover the relative value of the two metals, gold and silver. From the data received through reliable sources, it appeared that the value of gold nearly approximated to the proportions recognised by the mint indenture in England, and this valuation had already been adopted in the case of the gold pagodas of Madras. This pagoda weighed 2 dwt. 6 grains, and was of the fineness of 20 carats, and contained 45 grains of pure gold. A valuation on a lower scale than that of Madras was not desired, and there were reasons which justified a higher valuation.

For example, it was anticipated that a new demand for gold as current coin was bound to enhance its price. Besides, it was necessary to hold out some inducement to the indigenous bankers to bring gold to the mint. Again, it was apprehended that gold might be exported from Bengal to Europe, if the two metals were to be valued according to the European standard. The Select Committee therefore proposed to establish the par of exchange between the new gold mohur and the silver *sicca rupee* at the rate of fifteen to one. The Council,

however, thought that this rate would mean "*too considerable a profit for the merchants and proprietors for bringing their gold to the mint*". (*Vide* Beng. Pub. Cons., June 2, 1766.) Ultimately, after mature deliberations, it was resolved that the new gold mohur should be issued at a valuation of 8 per cent. above its intrinsic relative value, according to the proportions of the two metals established by the mint indenture in England.

The regulations for the proposed gold currency were finally approved by the Council on 2nd June, 1766. These are embodied in the consultations of this date, and are as follows:—

"1. That the gold mohurs shall be struck bearing the same impression with the present Murshedabad sicca, and that this mohur shall also be issued in the sub-divisions of halves, quarters, and eighths.

"2. That the new coin shall be of the fineness of twenty carats, or it shall contain one-sixth part of an alloy, which reduces it to Rs. 16:9:4 per cent, below the value of pure gold, to 14:7:7 below the mean fineness of the Sicca and Dehly mohurs, and to 8:2:2 one-third beneath the standard of the present Arcot gold mohurs. The reasons for fixing upon this standard are, that it is deemed the most convenient for allowing the proposed encouragement to the merchants and the proprietors of gold and likewise for avoiding the great delay and expense of refining in a country where the process is not understood, and the materials for conducting it are obtained with difficulty.

"3. That the gold mohur shall be increased from fifteen annas, the present actual weight, to sixteen annas, the better to avoid the inconvenience of fractional numbers in the subdivisional parts and the exchange.

“4. That the par of exchange between the gold mohurs and the silver Sicca rupee shall for the present be estimated at the rate of fourteen to one, reckoning upon the *intrinsic* value of either. Thus, a gold mohur weighing sixteen annas shall be deemed equivalent to fourteen sicca rupees.

“5. That the silver sicca rupee shall not be less than the standard of 11 oz. 15 dwt. or 13 dwt. better than English standard, whence will arise:—

A profit to the merchant of gold	3	per cent.
A batta on the gold mohur	3	„ „
A charge of coinage and duties	2	„ „
	<hr/>	
	8	per cent.
	<hr/>	

which increased value is calculated from the generally-received exchange of gold and silver, and not upon the market-price of gold, which fluctuates daily.

“6. That all payments, whether of a public or a private nature, shall be made at the established batta, and every attempt to create an artificial batta, or exchange, shall be rigorously punished.

“7. That a tender of payment, either public or private, shall in future be equally valid in gold and silver, and that a refusal of the established gold currency shall incur such punishment as this Board may think proper to inflict.

“8. That public notice shall be given to all zemeendars, collectors of the revenue, and others, that the collections may be made indiscriminately in gold and in silver, the former to be received at the mint and treasure, at the rate proposed in the second article; that in the Sicca and Dehly mohurs to be reckoned with an alloy of 14:7:7 per cent. and the Arcot mohur, with an

alloy of 8:2:2 , which will produce, agreeably to the principle of exchange laid down, the advantage proposed in article the fifth."

Mr. A. Campbell, the assay master, by whose advice and judgment Clive was mainly guided, warned the Council against the danger of debasement and other frauds which the over-valuation of gold might encourage. In his letter to the Council, we come across some very interesting remarks and suggestions. (*Vide* Beng. Pub. Cons., June 2, 1766). These deserve to be quoted in full. He wrote as follows:—

"The establishing a gold currency in the country appears to me the only practicable method of abolishing that pernicious system of reducing the Batta on Sicca rupees annually. There being now a fixed standard of value for silver, that metal must in time necessarily settle at the precise point which determines the proportion it bears to gold. Neither will the scarcity of any species of rupees affect the Batta, since the gold currency will always afford the means of payment without loss by the exchange. The Batta of the Mohur being invariable, will soon render that of the silver invariable also; or else the principle of exchange will be destroyed, and of consequence the profit to the merchant will become precarious. This effect I think must necessarily flow from the full establishment of a gold currency, and were there no other advantage attending it than reducing to a fixed determinate value the great variety of coins with which business is distracted in this country, that alone would be well worth the experiment.

It will be absolutely necessary that the utmost care be taken to prevent any debasement of the fixed standard of the gold Mohur, which is already rated so

high in the exchange. I should myself apprehend that a fraud of such dangerous tendency to the public credit should be punished with death; and as the English laws will not authorize so rigorous a punishment, except for the adulteration of the current coin of Great Britain, that the laws of the country should take place. Your resolution on this head should be published in the mint at Murshedabad; and as a farther check on the coiners, the resident might be required occasionally to send down specimens of the money to be assayed in Calcutta.

I should likewise imagine that, severe penalties should be annexed to the secreting, defacing, clipping, or melting down the new coinage; and that the same, together with the punishment to be inflicted on every attempt to vary the Batta, or obstruct the currency, should be promulgated in every district of the Nabob's dominions."

The objects that Clive had in view in introducing bimetallism may now be analysed. They were, *firstly*, to alleviate the scarcity of the silver coin; *secondly*, to check the impositions of the bankers in their arbitrary enhancement and reduction of *Batta* by establishing a coin which would bear a fixed value; *thirdly*, to encourage the import of gold by putting a current value upon it considerably above its intrinsic one; *fourthly*, to check the hoarding of gold; and *fifthly*, to discourage the exportation of gold from Bengal from a certain loss of the established advance. (*Vide* Beng. Pub. Cons., Sept. 1, 1768.)

Clive's plan, however, proved a failure, and the objects underlying it were wholly frustrated. In fact, the scheme made the existing situation still worse, and silver began to disappear from circulation more rapidly. The circumstances which contributed to the frustration

of the bimetallic scheme of 1766 are not difficult to understand.

In the first place, gold had so far been only an article of merchandise in Bengal, and its present use in the form of coinage was a novelty to which the people could not be easily accustomed. Verelst points out, "When gold became money, and the mohur had a fix relation to the Sicca rupee *by law*, such was the effect of habit, that the people continued still to regard the gold mohur rather as bullion than coin, comparing it with merchandize, through the medium of the silver rupee. The consequence was that when the price of silver increased from the growing scarcity of this metal, a more sensible check was given to the currency of the gold coin, than in countries where the people had been habituated to consider gold and silver equally as standard price or current coin." (*Vide Verelst's View, etc.*, p. 101, footnote.)

In the second place, the foreign companies preferred silver in exchange for their bills of remittance. This compelled people to purchase silver at an enhanced price for the purposes of bills and investments.

In the third place, the necessity of providing for the annual China investment in silver obliged the Fort William authorities themselves to exchange gold at a considerable loss.

In the fourth place, the increasing demand for silver raised its price considerably, and made the gold mohurs all the more unpopular, and the latter had to be exchanged for rupees at a loss of 38 per cent. in Calcutta.

In the fifth place, the authorities suspected that the *sarrafs* wilfully obstructed the new currency. Verelst too has casually referred to "*the intrigues of the*

shroffs," but no detailed information is available on this point. (*Vide Verelst's View*, etc., p. 102).

In the sixth place, it appears that Jagat Seth had advised the authorities to allow some annual *Batta* on the gold mohurs in the same manner as had ever been the practice in the case of the *sicca* rupees, but the neglect of this advice was, in the opinion of Verelst, "*the greatest error in the plan of 1766*".

In the seventh place, the gold coins were not used by the Company for procuring their annual investments. It was evidently considered too risky an experiment to make payments in a coin to which the people had never been accustomed.

In the last place, the chief reason for the failure of the scheme was, however, the excessive valuation of the new gold coin. The ratio between gold and silver was officially fixed at 16·45 to 1, although the market ratio was only 14 to 1. Thus, the official rate was $17\frac{1}{2}$ per cent. higher than the market rate. It is this over-rating of gold which was the real error of Clive's plan, as it made the hoarding and exportation of silver profitable. Silver in consequence became more and more scarce, and when it was obtainable at all, it sold at a very high premium, and gold mohurs could be exchanged at a heavy discount.

The following is the number of gold mohurs coined at different mints in Bengal, according to the regulations of 1766, from August 1 of that year to 1768 when these were recalled and the gold currency was abolished (*Vide Beng. Pub. Cons.*, 1, 1768):—

Minted at Calcutta	..	..	..	177,871
„ „ Patna	..	..	..	15,274
„ „ Murshidabad	..	..	..	70,000
Total ..				<hr/> 263,145

Of the above—sent to Madras	134,417
Returned to the Treasury of Calcutta from circulation	120,161
	<hr/>
Balance not brought in	8,467

The bimetallic scheme of 1766 is the first serious attempt made by the English in India in the direction of currency reform, and its failure due to inexperience and also ignorance of the laws of economic science was a lesson which proved of some value to Clive's immediate successor, Verelst, when the latter issued another gold coinage in 1769.

CHAPTER III

CLIVE AND THE COMPANY'S POSTAL SYSTEM

That Clive was the real founder of a regular postal system in British India is a fact which has received scant attention from historians so far. Indeed, it was Clive who laid the foundations on which the modern elaborate postal system has been subsequently built up by his successors. Clive's work in this connection is therefore of the utmost historical interest not merely as a pioneer attempt in itself, but for the light it throws on his power of organisation and zeal for administrative reform.

Clive's interest in the establishment of an organized postal system had its origin in the necessity of keeping open the main lines of communication throughout the distant or outlying parts of the Bengal *Subah* which, after the transfer of the *Diwani* to the Company, had come under the virtual control of the English authorities at Calcutta. The sole responsibility for the military defence of Bengal against internal or external dangers now lay actually with the Company, hence there was the urgent necessity of keeping in constant touch with the English troops stationed at different places in the province, and of obtaining regular intelligence from all parts of the province or from other presidencies.

Apart from purely military considerations, a regular postal system was urgently needed for the growing commercial requirements of the Company itself or its servants. The authorities at Fort William needed to be continuously informed of the transactions of the Company's factors and gumastahs scattered all over the

country. An efficient postal system was thus called for not merely in the interests of military defence of the country, but also for the communication of civil and commercial intelligence. The assumption of the *Diwani* in 1765 thus made it absolutely imperative on the part of the Company to organise its own system of *daks*, and Clive is justly deserving of credit for the initial efforts made by him in this direction.

The system that Clive introduced was mainly a continuation of the old *dak* organisation of horse carriers or runners who carried letters and despatches by relays along the road from place to place. All that was required was to maintain a permanent and efficient staff of runners for this purpose. Clive entrusted the maintenance of this staff to the zamindars along the postal routes, and made them responsible for a regular supply of runners to carry the mails. [*Vide* Beng. Sel. Com., Nov. 5, 1765.] It is noteworthy that the zamindars could claim a proportionate deduction in their rents for the actual number of postmen maintained or supplied by them. But as they were obliged to supply and support the *daks* of the *Nizamat* as also those of the Company, their expenses were certainly much greater than any token compensation that they may have been actually allowed for these services.

Mr. Francis Sykes, Resident at the *Durbar*, who was fully cognisant of the heavy burden that was thus placed on the zamindars took up their cause after enquiries into their grievances, and asked the authorities at Calcutta not to allow the Emperor to place additional *daks* of his own from Allahabad to Calcutta and Murshidabad at the expense of the hard-pressed zamindars. He wrote to Clive and the Select Committee about this in the following words:—

“Representations of late have been made to me by the zamindars of different villages that the King is fixing dawks from Allahabad to this place and Calcutta; that it will be a very great burthen to the inhabitants in many parts of the country, if they are under a necessity of supporting them with the usual necessities, having already both the Company's and the Nabob's dawks to provide for, and request they may be relieved from so heavy a grievance.” [*Vide* Letter from Mr. F. Sykes, October 31, 1765. S. C. Proceedings, I, pp. 318—22.]

It was early in 1766 that Clive finally arranged for a full-fledged organisation of *daks* within the Bengal province, and from Bengal to other Presidencies. The principal regulations [*Vide* Beng. Pub. Cons., March 24, 1766] now laid down may be thus summarised:—

- “ (i) The *daks* were to be controlled by a Postmaster with assistants under him.
- (ii) The mails from Calcutta were to be despatched from the Government House.
- (iii) Letters meant for despatch were to be sorted every night.
- (iv) The *daks* were to be “sent off” personally by the Postmaster or his assistant.
- (v) Letters for different centres were to be packed in separate bags.
- (vi) The mail bags were to be sealed with the Company's seal.
- (vii) None but Chiefs of Factories or Residents were to open the bags meant for their respective areas.
- (viii) The Chiefs were “to observe the same rule with respect to the letters sent down to Calcutta”.

The system of runners, which forms the basis of the postal system of these days, was obviously far from perfect, and in the beginning there occurred frequent miscarriages of mail bags, particularly on the way from Calcutta to Madras. [*Vide* Beng. Pub. Cons., July 7, 1766]. Accordingly, fresh regulations were framed by Clive for a better organisation of *daks*, and these were circulated to the factories and Residencies subordinate to Calcutta as well as Madras. [*Vide* Public Proceedings, pp. 726—8, and O. C., 7th July, No. 1 (a).]

The second set of regulations laid down by Clive may be thus summarised:—

- (i) For the current year (i.e., 1766) the mail bags were to be “numbered in regular succession from this time to the end of the year”.
- (ii) In future the mail bags were to be numbered “from the 1st January to the last of December”.
- (iii) The day and hour of despatch, and also the number of the packets were to be noted on the tickets affixed to them.
- (iv) On every packet or bag the number and date of the preceding despatch was to be noted.
- (v) In order to have the earliest news of miscarriage or loss of a packet, the Resident or Chief of a factory was regularly to send advice of the receipt of each packet to the Resident of the stage from whence it came last.
- (vi) When any packets were found to be missing, the Chiefs or Residents at the two nearest

stages were to examine the runners and punish them severely, if they failed to give a satisfactory explanation of the loss.

(vii) The Post-master at Calcutta and Residents at Balasore, Cuttack and Ganjam were to keep separate registers of despatches to and from Madras.

(viii) All packets were to be sealed with the Governor's seal as well as with that of the Company to prevent their being opened before arrival at destination.

Along with these regulations, the Governor and Council passed the following resolution for information of the Presidency of Madras. "And as we have reason to believe that by proper attention to the Tappies, the communication with Madras may be more expeditious, particularly between Vizagapatam and Bandermalnaka, where making allowances for passing the Rivers, it is remarked they are very tardy, it is agreed to write to the gentlemen at Madras to mention this to their subordinate factories that they may fall upon proper measures to remedy it, and recommending small boats or sangarees to be stationed at the different rivers." [*Vide* Beng. Pub. Cons., July 7, 1766.]

Under Clive the Company's post office in Bengal was really meant for official purposes, and it was not made available for private communications, until it was re-organised by Warren Hastings in 1774.

CHAPTER IV

CLIVE AND USURY IN BENGAL

During his second administration, Clive was called upon to grapple with the evil of usury which had recently reached alarming proportions among the servants of the Company. The latter lent large sums of money to Zamindars and farmers at a high rate of interest, and on the pretext of realising the debts due to them interfered in the collection of the Diwani revenues and caused undue obstruction to the work of the *amils* and other subordinates of the Naib Diwans.

Clive's attention was drawn to this evil by Muhammad Riza Khan himself during his visit to Murshidabad. (Beng. Sel. Com., Oct. 5, 1765). In the letter, received on Oct. 4, 1765, he complained to Clive, "There are many persons, who, with the pretence of debts being due to them, making use of the name of the factory, disturb the zamindars and obstruct the revenues of the *Sarkar*. Moreover, several evasive zamindars and taaluqdars borrow more or less from the dependents of the factories, and when their rents are demanded from them, go and shelter themselves under their protection, so as to be out of the power of the *amils*. With the pretence of debts being due from them, they carry their creditors into their districts, and embezzle the revenues, so that the money of the *Sarkar* remains unpaid; and spreading about reports that numbers of villages are rented to the dependents of the factory, they practise villainous tricks". (Trans. P. L. R. 1765, No. 148, p. 132.)

At a meeting of the Select Committee held on October 5, 1765, Clive got the following resolutions

passed on this subject (Beng. Sel. Com., Oct. 5, 1765):—

1. “Resolved, that positive orders be issued to the Chiefs of subordinates, and commanding officers of brigades, prohibiting them from lending money to the zamindars, or other servants of the government, on the security of lands by lease or mortgage, and also from exerting any degree of influence in the appointment to the public offices, or otherwise interfering, directly or indirectly, with the business of government, on pain of suspension”.

2. “Resolved, that the above orders be sent by the Chiefs of subordinates and commanding officers of the brigades to the several gentlemen and others acting under them in inferior stations, who are in like manner prohibited from lending money, holding lands, etc., under the same pains and penalties.”

Soon after these resolutions were passed, Clive informed Muhammad Riza Khan that none of the Company's servants, their agents, *banyans*, or dependents would be allowed to lend money without his consent or that of the other ministers. (Letter to Muhammad Riza Khan, Oct. 8, 1765. Trans. P. L. I., 1765, No. 46.) In a letter to the Directors, Clive thus justified these resolutions, “It was the earnest request of the ministers, that we should impose such restrictions; and we thought compliance but reasonable as we were well assured that the revenue had suffered from the excess to which these practices were carried”. (Letter to Court, January 31, 1766.)

This prohibition, however, had no effect, and the Company's servants in the interior districts violated the orders of the Select Committee. Clive therefore got a more stringent resolution passed at a Select Committee meeting held on December 31, 1766. (Beng. Sel.

Com., Dec. 31, 1766.) The resolution ran as follows:—
“Resolved, that we now enforce the above order, that no money shall in future be lent, except on respondentia, upon any pretence whatever, at a higher interest than twelve percent per annum; that all sums of money outstanding at a higher premium, shall be recalled on the 11th day of April next”.

In pursuance of this new resolution, Clive and his Select Committee wrote to the Chiefs of all the factories and the Residents at Burdwan and Midnapore in the following terms:—

“Sir,

On the fifth of October, 1765, the Select Committee issued orders that no civil or military servant of the Company, their banyans, or dependents, etc. should, after that date, lend money upon lease, mortgage or otherwise, to the zamindars, or other officers of the government, without the knowledge and consent of Muhammad Riza Khan and the ministers.

It is with concern we now understand that this order has been disregarded to the great prejudice of the revenue and injury of the Company; we therefore direct that you will make strict enquiry who are the transgressors and transmit to us the names of all such as have lent out money without obtaining the approbation of the ministers, and contrary to the injunctions of the Select Committee. At the same time, it is our positive resolution, that henceforward no British subjects in or out of the Company's service, or their dependents, shall lend money, unless upon respondentia, at a higher rate of interest than twelve percent per annum; and that such sums of money as has been lent at a higher interest shall be recalled on the 11th day of

April next, on pain of immediate dismissal and forfeiture of the Company's protection; of which resolution, we direct you will make publication in due form, taking the most effectual steps to see it strictly obeyed." (*Vide* Circular letter, dated December 31, 1766.)

At the time of his final departure from Bengal Clive expressed the hope, in a letter to the Directors, that this regulation of usury would tend to improve the revenue collections. "As the success of the Durbar resident's endeavours to complete the annual collections depends in a great measure upon the punctual observance of this highly necessary regulation", he wrote, "you may rest assured, that nothing in our power shall be wanting to exact implicit obedience; and that we shall, without regard to persons, punish the offenders with the utmost severity". (Letter to Court, January 24, 1767.)

CLIVE AND THE COMPANY'S GUMASTAHS

The conduct of the Company's *gumastahs* formed one of the thorniest problems of internal administration during Clive's second government in Bengal. The tyranny of the *gumastahs* was repeatedly pointed out by the officers of the *Nizamat*, yet the authorities at Fort William with all their good intentions failed to stop the highhandedness of their agents.

From a letter received from Muhammad Riza Khan, and embodied in the proceedings of the Select Committee of Feb. 19, 1766, it appears that the oppressions of the *gumastahs* were bringing ruin to the country and injuring the public revenue. (*Vide* Beng. Sel. Com., Feb. 19, 1766.)

Muhammad Riza Khan's letter throws a flood of light on the tyrannous activities of the *gumastahs*, and is thus of considerable interest. He points out the following forms of tyranny practised by the *gumastahs*:—

1. ".....in order to purchase these articles they force their money on the Ryots;" (i.e. in order to buy their goods at a low rate).
2. ".....they oblige the inhabitants and shopkeepers to take them at a higher price, exceeding what is paid in the market."
3. ".....they do not pay the customs due to the Sircar....."
4. ".....are guilty of all manner of seditious and injurious acts."

5. ".....when, at any time, the Malguzary is demanded of the Taalookdars, Ryots, etc., subjects of the Sircar, the aforesaid gumastahs, under pretence of debts due or accounts to be settled, do not let them go, or suffer the revenue to be taken from them."
6. ".....they place their peons over the Ryots and involve them in a variety of troubles."
7. ".....they press people into their service."
8. ".....they impose many and diverse commands on the officers of the government, the inhabitants, the tradesmen and others."
9. ".....they ruin everybody and reduce the villages and Gunges to a state of desolation."

Muhammad Riza Khan ended his account with this emphatic complaint, "It is these iniquitous practices that the people of the country have been ruined and driven to flight, and that the revenues of the *Sircar* have been injured. There is nothing of worth left in the country. If justice is not done in this case, how will it be possible, in future, to collect the duties of the government or its revenues?"

In view of this representation, the Select Committee passed a resolution, recommending to the Board that all Company's servants should be prohibited, under the severest penalties, from lending countenance to any of their oppressive gumastahs. (*Vide*, Beng. Sel. Com., Feb. 19, 1766). The Company's servants were further required to send in to the President full details regarding their *gumastahs*, the place of their residence and the service they were employed on. (*Vide*, Beng. Pub. Cons., June 9, 1766). On October 31, 1766, the Select Committee passed the following regulations to stop the

oppressions of the *gumastahs* (*Vide* Beng. Sel. Com., Oct. 31, 1766):—

1. “.....all gomastahs shall strictly refrain from interfering in any matters that may tend to interrupt the collections or disturb the business of the government.”
2. “.....they shall scrupulously avoid taking cognizance of any disputes or differences that they may have with the country people, or assuming to themselves any degree of judicial authority.”
3. “.....in all such points of difference and dispute, whether with respect to trade or otherwise, they shall appeal first to the nearest officer of the government; and, in case of delay or refusal of redress from him, they shall then lay their complaint before Mahomed Reza Cawn, or the resident at the Durbar, or the Council, or the Select Committee.”
4. “.....whoever shall be found deviating from the evident meaning and intent of this Resolution, shall immediately forfeit their employment and the Company’s protection.”
5. “.....to prevent any interruption to trade, Mahomed Reza Cawn be desired to issue orders to all officers of the government, to yield every possible encouragement to licensed trade, and to the business of those Gumastahs who shall duly confine themselves to the above restrictions.”
6. “Also that Mahomed Reza Cawn be desired to direct the officers of the government to call upon all Gumastahs to register their Perwan-

nahs, or licences of trade, and Dustucks, at the head Cutcherree of the Aurung, or district, where they reside; and likewise to order the public officers of each Aurung, or district to send him a regular monthly return of all Perwannahs or Dustucks so registered."

7. "The custom-master be directed to make a monthly return to the resident at the Durbar, of all Dustucks and Perwannahs entered in his office; the same to be communicated to the ministers, whereby they may be able to detect all imposition and fraud, by comparing the monthly returns from the custom-house with those made from the Aurungs, &c."

The oppressions of the *gumastahs*, however, could not be eradicated by such regulations, for they were an inevitable result of the private inland trade of their privileged masters.

CHAPTER VI

CLIVE'S DISPUTE WITH MR. GEORGE GRAY

The confinement of Ramnaut Dass, an employee of Mr. George Gray of the Council at Fort William, was one of those controversial actions of Clive which throw an interesting side-light on the manner in which he asserted his position as Governor of Fort William. The matter gave rise to a very bitter controversy on the question as to whether Clive intended to set up a Military Government in the settlement by arrogating to himself the right "to seize with Military Guards the civil inhabitants" and "to place Military Guards upon their houses, persons and properties".¹ The affair of Ramnaut is therefore of considerable interest as an illustration of the early phase of Clive's second Governorship.

The ostensible plea for the detention of Ramnaut was "the numberless complaints" which Clive had recently received "of extortion and oppression committed"² by this man at Maldah. In the course of his several minutes Mr. Gray urged³ :

1. No person residing within the jurisdiction of his Majesty's courts could be lawfully confined⁴ by Military Guards longer than was actually necessary to deliver him up to the civil magistrates.

2. The Governor had no right "in time of profound peace" to place Military Guards over the house of any inhabitant.

¹ Beng. Pub. Cons. Oct. 14, 1765.

² Proceedings of the Bench of the Justices of the Peace, Oct. 18, 1765.

³ Beng. Pub. Cons. Oct. 14, and 18, 1765.

⁴ Proceedings of the Court of Quarter Sessions, June 3, 1762.

3. The purpose of the confinement was to procure accusations against him (Mr. Gray) and degrade him in the eyes of the servants of the Company.

4. The confinement betrayed a desire on the part of the Governor to establish a Military Government in the Presidency.

5. The highhanded proceedings against Ramnaut amounted to an encroachment on "the rights and privileges of the subjects" of the entire settlement.

The arguments which Clive put forward in defence of the action he had taken against Ramnaut were sufficiently elaborate and may be thus summed up :—

1. It was his duty, as Governor, to enquire into the numerous charges which had been communicated to him against Mr. Gray.⁵

2. The seizure of Mr. Gray's servant was necessitated by the fact that he was accused of "heinous crimes and misdemeanours".⁶

3. Ramnaut was confined to his own house by a guard "upon intelligence that he was going to fly the country".⁷ "The respect I have for the laws of my country", Clive contended, "will always prevent my exercising a military force to apprehend any British subject, unless in cases of a very heinous nature, and when the offender might otherwise escape from the justice of a civil power, to whom he must of course be given up."

4. Ramnaut and Mooteram, over whom military guards had been placed, could not, being natives of India, claim the privileges of British subjects. "Were

⁵ Beng. Pub. Cons. Sept. 25, 1765. *vide* Mr. Gray's minute.

⁶ Beng. Pub. Cons. Sept. 30, 1765.

⁷ Beng. Pub. Cons. Oct. 28, 1765.

we to consider them as British subjects," he argued, "our political government would be at an end."

5. Ramnaut was "an inhabitant of Maldah, two hundred and fifty miles from Calcutta" and his house and family were there and he was "a sojourner at this settlement, an agent for the business of extortion in which Messrs. Gray and Leycester seem vexed to find him detected". As such too, he could not claim the privileges of a resident of the British settlement.

6. The Governor having⁸ "a commission, as a commander-in-chief of the forces" had "power in himself to exercise a military authority in support of the civil" and the Government of the settlement, though purely civil, had the right to obtain the assistance of the military in securing dangerous offenders. Clive urged that as the Governor must always have the earliest intelligence of matters relating to his Government and of importance to the public interest, he must be invested with the power of providing instantly for the security of the state in all emergencies. To assert from the case of Ramnaut that he was attempting to establish a military government and subvert the laws of his country was therefore "unjust and absurd to the highest degree".

7. Clive also maintained that his action was not unprecedented. He pointed out that there were "no less than two-and-thirty precedents of black men, some of whom were counsellors banyans, being confined for months together under military guards" by order of his predecessors within the last fourteen years and that most of these precedents related actually to inhabitants of Calcutta, whereas the case in question did not.

⁸ *Vide* the Company's commission, May 31, 1764, appointing Clive as Governor of Fort William. (Letter from Court, serial No. 7, 1764-7, p. 33).

The principal issue involved in this controversy was the question as to whether the Governor really intended to set up a military power in opposition to the civil administration of the settlement. Messrs. Gray and Leycester stoutly maintained in their respective minutes that they had grounds for suspecting that a military government very inconsistent with the existing civil jurisdiction was going to be instituted and they demanded that the assertion of a military power over a British Colony must be resisted at all costs. But, they could not substantiate their charge against Clive and so the latter could retort with a show of reason that their accusation was wholly "romantic" and "absurd".⁹ A study of their minutes and statements leaves no doubt about the fact that their attitude was coloured by their personal resentment at the official enquiries into their corrupt practices. Their appeal to the laws of Britain was a skilful pose adopted for the purposes of discrediting Clive's government in general, and his measures against their oppressive agents¹⁰ in particular.

The punishment which the Council inflicted¹¹ on Mr. Leycester, an avowed supporter of Mr. Gray, on the ground that he was "the propagator of the injurious report spread through the settlement that a military power was going to be set up" was, however, meted out in much too dictatorial a fashion. Clive personally charged Mr. Leycester with being the author of the report in question, and he was supported by General Carnac and Mr. Verelst. Mr. Leycester himself was asked to withdraw from the meeting and was not allowed to participate in the voting. By a narrow majority of

⁹ Beng. Pub. Cons. Oct. 18, 1765.

¹⁰ Trans. P. L. R., 1765-1800, No. 1.

¹¹ Beng. Pub. Cons. Oct. 28, 1765.

three to two, the Council passed a resolution to the effect that Mr. Leycester, in publicly circulating the said report, was guilty of unfaithfulness to the duty of the service and being thus unworthy of any position in the Company's service was to be suspended forthwith, until the pleasure of the Court of Directors was known.

Clive and his two supporters voted for the resolution, and Messrs. Gray and Sumner opposed it. The suspension of Mr. Leycester was evidently intended by Clive to crush all opposition in and outside the Council. It, however, exposed Clive to the criticism¹² that the resolution was passed with an indecent haste, and that the offence of Mr. Leycester did not merit so severe a punishment as suspension from the service. Actually, Clive later admitted that Mr. Leycester's report was based on "an expression hastily dropt by General Carnac at the board".¹³ Besides, there was no evidence to show that Mr. Leycester had actually broadcast the report all over the settlement. He himself emphatically asserted, "So far was I from industrially propagating reports to alarm the settlement, that I only recollect having mentioned my apprehensions and sentiments of what had passed to one gentleman."¹⁴ On an examination of the whole proceedings it is apparent that Clive did take an advantage of an accidental majority in the Council in his fight against his opponents and punished one of the obnoxious councillors without allowing him even the privilege of a hearing.¹⁵ Furthermore, when the accuser was not allowed to vote, Clive and Carnac, being the parties concerned, were also not justified in taking part in the

¹² Beng. Pub. Cons. Nov. 4, 1765.

¹³ Letter to Court, Jan. 31, 1766.

¹⁴ Beng. Pub. Cons. Dec. 5, 1765.

¹⁵ Beng. Pub. Cons. Dec. 5, 1765.

voting. Mr. Leycester had thus reason to complain that he had been removed "by a majority of only three to two, and that two of those three were sitting in judgment on their accuser".¹⁶

The prolonged detention of Ramnaut too was not clearly justified by the circumstances of the case. That he was kept under military guards for months without the opportunity of being allowed to make his defence was extremely unusual. Even assuming that he was "a notorious villain"¹⁷ guilty of gross malpractices at Maldah, he should have been immediately¹⁸ handed over to the officers of the Nizamat for trial and punishment. The absolute refusal to admit the man to bail by the Councillors in their capacity as civil magistrates and their failure to take any action on the charge¹⁹ levelled by Ramnaut against the guards that the latter had looted his money and jewels made the case against him all the more irregular. The subsequent disclosure that Mr. Verelst had private²⁰ claims of his own on Ramnaut lent added weight to the allegation²¹ that his persecution arose more from ulterior motives than from a strict regard for justice. After all, Ramnaut was not the only, or even the principal villain among the gumastahs. But for his connection with an obnoxious councillor, he too like many other oppressive gumastahs, would have escaped the notice of the Governor.

¹⁶ Address from Mr. Ralph Leycester, Dec. 2, 1765.

¹⁷ Beng. Pub. Cons. Dec. 30, 1765.

¹⁸ He was actually handed over to the Nawab's Officers sometime after Clive's departure, *vide* Beng. Sel. Com. April 18, 1767.

¹⁹ Proceedings of the Bench of the Justices of the Peace, Oct. 18, 1765. *Vide* the deposition of Mr. Francis Peacock.

²⁰ Verelst's view, p. 32.

²¹ Bolts: Considerations, II, pp. 173-7 Beng. Pub. Cons. Nov. 5, 1767.

The affair of Ramnaut cannot be dismissed as an isolated instance of either judicial irregularity or executive tyranny. It was an essential link in the chain of circumstances which prepared the ground for the establishment of Clive's absolute control over his own Council.

CHAPTER VII

CLIVE AND THE COMPANY'S FIRE-ARMS

Among the original records relating to Clive's second Governorship of Fort William, there are some very interesting and hitherto unnoticed references to the extremely poor quality of both small arms and cannon which were usually supplied to the Company's troops in India during those days. Not only was the quality decidedly inferior, its supply was also uncertain and inadequate, and also liable to frequent interruptions. This is why Clive was more than once obliged to make strong representations about this in his letters to the authorities in England.

From the stray references in the records it would appear that the fire-arms supplied from England had usually two defects. First, these were nearly always badly produced and ill-finished. Secondly, the metal used for the manufacture of the fire-arms was not suitably tempered so as to stand the extremities of climate in India.

According to Clive the reasons responsible for these defects were as follows :—

Firstly, only the cheaper brands of arms were purchased for reasons of economy.

Secondly, the Company did not obtain their supplies from those firms which were patronised by the Government of England.

Thirdly, the Military Store-Keeper's indents from India were not fully and carefully attended to. In fact, in their letters from the public department, the Council

of Fort William frequently complained that their Military indents were not properly complied with. This is reiterated by Clive in one of his letters. (Letter to Court, Dec. 9, 1766.)

Fourthly, ignorance of climatic variations in India was also responsible for imperfections in the quality of tempering.

That Clive attached very great importance to this subject will be apparent from one of his characteristically emphatic protests to the Directors. It runs as follows :—"Of late years, the bad quality of your small arms in general have exposed your possessions to the greatest risk and danger." (Letter to Court, Sept. 30, 1765.)

It is interesting to note that Clive made the following useful suggestions in regard to the purchase of fire-arms :—

1. "We are therefore persuaded, it would prove in the end much to your advantage, if you purchased all your small arms of the same persons who furnished the Government."

2. "... pay at the rate of twenty seven, instead of eighteen shillings per fire-lock, since experience demonstrates they will continue serviceable for double the time"

3. "We must request in the strongest manner that you will supply us for the first year with 10,000 stands of arms, and afterwards with 4,000 annually, which will in future answer all our demands, if proper care be taken in the purchase."

4. Clive asked the Directors to send out three or four expert iron-founders from England, "as the casting of shots and shells in this country is an object of importance."

It appears that the Directors took no serious notice of Clive's representations on this point, and the troops never received adequate supplies of arms of the requisite quality. (Letter to Court, April 10, 1767.) Even after Clive's departure the quality of the arms showed no improvement, and his immediate successor too similarly complained about it in the following words: "The indent for cannon and small arms, I likewise hope, will be fully complied with; of the former, many may prove useless on the very first trial. . . ." (Letter to Court, March 28, 1768.)

CHAPTER VIII

CLIVE AND ILLICIT ARMS TRAFFIC

Among the many minor problems that Clive had to face after the assumption of the Diwani of Bengal by the East India Company, one which has escaped the notice of historians so far was the clandestine smuggling of arms into different parts of Bengal and Northern India by the captains and sailors of French and Dutch ships visiting Indian sea-ports. Secret arms traffic of this kind is known to be prevalent even in recent times, and the authorities have got to exercise the utmost vigilance and take all possible precautionary steps in their efforts to check it. It is interesting to discover that it was during Clive's second governorship that this problem was first officially recognised by the Calcutta authorities, and the attention of the Directors was pointedly drawn to the serious dangers likely to result from an unrestricted importation of arms from Europe into India.

That this clandestine traffic in arms was definitely alarming to Clive is clear from his letters, and the reasons are not far to seek. In the first place, it was apprehended that the contraband arms might ultimately reach the neighbouring country powers such as Oudh and others. This would be detrimental to the interests of the East India Company. Actually, some concrete evidence regarding the illicit smuggling of arms out of Bengal to Northern parts of India came to light shortly after Clive's final departure from India. (*Vide* Letters from T. Rumbold, June 19, 20 and 30, 1768. Letter from G. Waller to Mr. T. Rumbold, June 18, 1768. Letter

from Mr. T. Rumbold to Mr. G. Waller, June 19, 1768. Statement of Agha Riza Mughal. Bengal Select Committee Proceedings, July 23, 1768). In the second place, it was feared that the illicit arms traffic might enable "*the natives*" to furnish themselves with arms and ammunition to a degree that might prove dangerous to the safety of the Company. (*Vide* Letter to Court, Sept. 30, 1765.) In the third place, Clive has referred in more than one place in his letters to "*the dangerous insolence and turbulent spirit of the black infantry*" and to the necessity of "*keeping the black troops in awe and subjection!*" (*Vide* Letter to Court, Dec. 9, 1766, etc.) It was naturally suspected that the possession of contraband arms might even enable the Company's Sepoys to rise in rebellion against their foreign masters. In the last place, some amount of contraband arms was bound to reach the rival European settlements in Bengal and other Presidencies, and thus endanger the position of the English East India Company. Evidence was not lacking to show, for example, that the French authorities at Chandernagore secretly imported arms into Bengal both during and after Clive's governorship. (*Vide* Persian Correspondence—Trans. R. 1768. Nos. 278, 297, etc.)

Clive's letters do not reveal any particulars regarding the volume of the secret arms traffic, or its *modus operandi*. It appears, however, that the crew of the French, Dutch and other European ships from Europe sold the small arms they brought with themselves to Indian agents or middle-men at the port towns, and the latter secretly conveyed these by various river routes to the remotest parts of India. Sometimes, the clever smugglers eluded the search of the Company's officers by "*sending round small vessels to meet the Europe*

captains at sea in certain latitudes, or to Teneriss and St. Jago or elsewhere out of the reach of your enquiries." (*Vide* Letter from Clive to the Directors, Sept. 30, 1765.)

That this trade was fast becoming very profitable even in Clive's time is attested by Clive himself. (*Vide* Letter to Court, Sept. 30, 1765.) This was particularly so because of the presence of a large number of European vagabonds at the port towns. (*Vide* Letter from Clive to the Select Committee. Bengal Select Committee Proceedings, Jan. 16, 1767.)

Clive warned the Directors in the following words :—

"It merits your serious consideration to provide, by every possible means, against the illicit importation of small arms to your settlements in India, and particularly to Bengal. Of late years, this has become a profitable branch of trade with the Europe captains, as well as that of furnishing the natives with ammunition.... However, as their continuing such practices any longer *may prove fatal in their consequences* to all your possessions in this country, we earnestly exhort that you will immediately apply the most effectual remedies you can suggest, either by way of prevention, or by the rigorous and exemplary punishment of the offenders. At the same time, you may be assured, we will take every step in our power to defeat the least breach of your orders on this head, and to *obstruct the sale of all kinds of fire-arms.*"

Once again, on the eve of his departure from Bengal, Clive reiterated his warning thus, "We beg leave once more to repeat the necessity of your pursuing the most vigorous steps to prevent the exportation of fire-arms and ammunition to any part of India. It is not sufficient that we guard against this illicit and perhaps

fatal trade at your Presidencies of Fort St. George, and Fort William, unless the same care be taken at Bombay, Bencoolen, and your factories at Malabar coast." (*Vide* Letter to Court, Dec. 9, 1766.)

The Directors do not appear to have taken any serious or immediate notice of the repeated warnings of Clive. All that they actually did in this matter was merely to prohibit the export of arms and ammunition from Bengal to Oudh. (*Vide* Letter from Court, Nov. 11, 1768.) The evil of illicit arms smuggling at port towns therefore remained practically unchecked owing to lack of adequate police and intelligence staff.

CHAPTER IX

CLIVE AND THE JUNIOR CIVIL SERVANTS

Clive's attitude towards the Company's junior civil servants has not received sufficient notice at the hands of historians. While it is generally known that the Company's civil service could not be effectively reformed by Clive, it is usually ignored that his failure was due mainly to circumstances beyond his control.

From one of his letters hitherto ignored one gets a glimpse of Clive's idea about the junior members of the civil service:—(*Vide* Bengal Select Committee—Letter to the Court of Directors, March 24, 1766).

“....your service here has always been carried on rather from a dread of punishment than a sense of duty; and that at present no branch of your affairs is conducted with that alacrity and zeal necessary and essential to your interest, to which, we should conceive, all your servants would be naturally excited, by the uncommon advantages they enjoy.”

This state of affairs was ascribed by Clive to the appointment of junior civil servants to high offices. He urged, “This decline of public spirit we must, in great measure, ascribe to a practice which hath prevailed at this settlement more than at any other, of entrusting some of the most weighty employments in your service to gentlemen scarce arrived at years of maturity. The business of the Secretary's department was committed to a youth of three years standing in our service; the employment of Accountant is now discharged by a writer still lower in the list of your servants; the

important trusts of Military Store-Keeper, Naval Store-Keeper, and Store-keeper of the Works, were bestowed, when left vacant, upon writers; and a writer held the post of Paymaster to the Army at a period when near 20 lakhs of rupees had been deposited for months together in his hands."

Clive sums up thus, "...reposing trusts of so important and lucrative a nature in the hands of young-men hath rendered them too soon independent, and given birth to that spirit of dissipation and luxury, of which you were very justly informed From this source likewise flowed a grievance of the utmost consequence to your service, which demands an immediate remedy. The younger servants, being incapable themselves to discharge the functions of their several offices, were forced to have recourse to their Banians and black writers. Too strict a regard to promoting seniority will ever prove injurious to the service, notwithstanding the rule is convenient and equitable, under certain exceptions and limitations."

Clive was aware of the fact that the principal source of corruption in the civil service was low salaries. It is interesting to note that he believed that one could not live in India on less than ten times the salary that was actually given to the civil servants. This was no doubt due to the prevalence of extravagance and luxury, but was in some measure due to rising prices, as well. The authorities thus write about it to the Directors, "...when you have duly considered the many restrictions now imposed on your junior servants, when you reflect upon the exorbitant price to which almost every article of living is risen, we hope it will appear to you, as it evidently does to us, that their allowance is no way proportioned to the unavoidable expenses of the most rigid

economy. They are now deprived the benefit of all trade; they are restrained from receiving the salaries annexed to double employments. The greatest number is indeed reduced to your bare monthly allowance, which, it must be owned, is too scanty a fund to secure them against the necessity of incurring debts that have a bad influence upon their morals, by entangling them in difficulties, from which every means will naturally be tried to extricate themselves. For these reasons we exhort you that a competent subsistence may be established for your junior servants, and more especially the writers who have no claim to Dustucks." (*Vide* Home Department: Bengal Public Letters to the Court of Directors 1766-67, p. 300).

As Clive had no authority to raise the low salaries, he set up, and this has generally been ignored by historians, a committee to institute some form of censorship over the private expenses of the junior civil servants. The regulations (*Vide* Home Department—Bengal Public Letters to the Court of Directors 1767-68, pp. 119-20) framed in this connection by this committee have not received the attention they deserve. They are highly interesting, and will amuse the present-day members of the Indian Administrative Service. They are as follows :—

" I. With respect to the servants necessary to be kept by a writer without a family, the Committee are of opinion that he should be allowed two and a cook ; one for the immediate care of his house and charge of his effects, and another to attend him when he goes out or to assist in the charge of his effects and house in case of sickness of the other."

" 2. It is recommended that an order be issued that no writer shall be allowed to keep a horse without

the express permission of the Governor and be permitted either of himself or jointly with others to keep a garden house."

" 3. It is further recommended that the writers be enjoined to wear no other than plain clothes".

In his farewell letter (*Vide* Foreign Department—Bengal Select Committee Proceedings 1767, p. 34) to the Select Committee, Clive expressed his pious hope that the reformation proposed by the aforesaid committee would be duly attended to. It is, however, needless to add that such grand-motherly regulations in the absence of adequate salaries could hardly prove effective or popular.

CHAPTER X

CLIVE'S SECOND ADMINISTRATION OF BENGAL—AN ESTIMATE

The period of Clive's second Governorship of Fort William constitutes the embryonic era of British Indian History. During these years the question of political power in Bengal was closely interwoven with the problem of government. The Company had now become the controlling authority, but the fact was not acknowledged publicly. This was the period which found the authorities at Fort William confronted with the aftermath of a political revolution and a military victory. A formal recognition of the facts of the situation would have meant an immediate and open assumption of responsibility, but the grave risks and obligations of administration, no less than the considerations of self-interest produced hesitancy and embarrassment. At no time was irresolution so clearly marked in the history of the English in India.

Clive had been sent out a second time specifically to reform the entire government of the Company, and to root out the glaring abuses in its affairs there. At the time of his arrival, he found the whole situation in the presidency to be unspeakably bad. There was nothing that bore the form or appearance of orderly administration, and gross self-seeking appeared to be rampant among all classes of the Company's servants. Luxury, rapacity and a want of principle were prevalent in every sphere. Sudden and, among many, unjustifiable acquisition of riches during the recent years seemed to have totally demoralised everybody from the seniormost official down to the writer and the ensign. Corruption

was universal and contagious, and Clive could not help bemoaning, "*Alas, how is the English name sunk! I could not avoid paying the tribute of a few tears to the departed and lost fame of the British nation*". Indeed, Clive was so profoundly shocked by the iniquities he saw in Bengal that he actually felt as if he had arrived in one of the most wicked places in the universe.

Clive was fully cognisant of the extent and variety of the oppression which had brought a lasting reproach to the English name. He himself confessed that it was impossible to enumerate the complaints that had been laid before him by the poor inhabitants of the country. There was no law and order in the province, and the Nawab's government was a mere mockery. The peasantry groaned under the merciless weight of taxation which drained the life-blood from the land. Jobbery and bribery were the order of the day, and the whole burden thereof ultimately fell on the starving cultivator. The trade of Bengal was the unholy monopoly of the Company's servants and their *gumastahs*, and thousands and thousands of Indian traders were reduced to poverty on account of the unashamed misuse and abuse of the privilege of the *Dastak*.

In a situation like this, there were obviously two paths open to Clive. He could either have quietly acquiesced in the evils, and might have put himself at the head of the government as he found it; or he could have attempted a drastic reform even at the risk of incurring the odium of his colleagues and subordinates. The choice was indeed difficult. The first alternative was of course easy and tempting, but it was iniquitous and dishonourable. The other one, however, meant taking upon his shoulders a burden which called for unflinching courage and infinite perseverance. Clive

made his choice, and resolved to exert himself in the task of reformation.

Notwithstanding his antecedents, Clive was well fitted for the role of a reformer. He had the resolution of a taskmaster, the sternness of a dictator and the efficiency of a supervisor. He knew how to fight opposition, and had the capacity for enforcing obedience to himself. He could recognise merit and had the ability of choosing his men with discrimination. He was energetic, courageous and well-balanced. Bold in action, he could be cool in judgment. His industry and application to business were prodigious. Possessed of the qualities that go to make a good administrator, Clive was also armed with very wide powers to deal with the situation in Bengal in any way he liked.

But, with all his good intentions and marked abilities, Clive lamentably failed to achieve real success as an administrator. The reason is not far to seek. Being unscrupulous and devoid of a fine moral feeling, he could not set before himself a high ideal, and allowed himself to be guided always and in every matter by considerations of expediency alone. He took into his consideration nothing but the immediate present, and refused to look beyond it. He sought to provide for today, and he would leave tomorrow to take care of itself. If he committed grave errors, it was because he was narrow and illiberal in his outlook. The Company had secured a vast empire and an enormous revenue. It was to be expected that these circumstances should have called for a new and radical approach. Clive, however, viewed the Company's position from the point of view of a shopkeeper, and so he failed to recognise the fact that the people of Bengal had to be assured of good government.

The double government which Clive established was both illogical and unworkable. He forgot that division of power was impossible without creating anarchy and confusion. The assumption of the Diwani of the Bengal *Subah* exhibited the cynical adroitness of an astute schemer rather than the foresight of a responsible administrator. It was a selfish contrivance for enjoying the spoils of office, without taking over its fundamental obligations. It was avowedly a device for hoodwinking the country powers and the foreign nations whom Clive did not want to give umbrage. He frankly justified it as an excellent screen for concealing the political revolution in Bengal. The Nawab was now a pensioner of state and had nothing but the name and shadow of authority; but Clive insisted that this name and shadow must be preserved and outwardly venerated as a convenient mask which, he thought, it would be unwise and even dangerous to throw off. Diwani was therefore little more than a deceptive camouflage.

The tragic inhumanity of the dual system resulted naturally in a complete breakdown of the internal administration. The Nawab had no power to enforce law and justice, while the English on their part disowned the responsibility of government. The result was disorder in the country. The villainy of the zamindars, and the rapaciousness of the Nawab's officials and the Company's servants knew no bounds; and the peasants, weavers and merchants were intimidated and fleeced to the utmost. The people were left virtually without appeal, and many were compelled to leave their hearths and homes in despair and become vagrants or freebooters. The country was, in short, reduced to a state of miserable desolation. At no period in the

chequered annals of Bengal did the province suffer such flagrant spoliation as it did in the era of Clive.

Clive endeavoured to correct the abuses in the Company's civil and military services, but his reforms were temporary expedients. The changes he introduced did not solve any problem, and only served to worsen the situation. So far as the civil service was concerned, the covenants could not be fully executed, and the scandalous evils of presents and private inland trade remained practically uncorrected. In the reorganisation of the army, some measure of success was achieved, but a new evil in the shape of the irregular Pargana battalions came into being, and this caused a constant wrangling between the civil and military authorities. Clive's gold currency proved a disastrous failure, and it made the matter worse by further aggravating the scarcity of silver. His exclusive trading company, formed for the benefit of the senior covenanted servants in opposition to the Company's repeated orders, was an utterly venal project which could not strike at the root of the evil of private inland trade.

Having started with the laudable resolution of cleansing the *Augean stable*, Clive ended by making the confusion worse confounded. The system which he laid down and the course which he followed were characterised by a short-sighted opportunism which reveals his failure to rise to the heights of a statesman.

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A.—CLIVE'S APPOINTMENT

THE COMMISSION OF THE COURT OF DIRECTORS APPOINTING LORD CLIVE TO BE PRESIDENT AND GOVERNOR OF THE PRESIDENCY OF FORT WILLIAM IN BENGAL.

DATED 31ST MAY, 1764

'The United Company of Merchants of England trading to the East Indies.

'To all to whom these presents shall come Send Greeting, 'Know ye that we the said United Company reposing Especial trust and confidence in the fidelity, prudence, justice and circumspection of the Right Honourable Robert Lord Clive, Baron Clive of Plassey in the Kingdom of Ireland, & Knight of the most Honourable Order of the Bath, have made, constituted and ordained and by these presents do make constitute and ordain the said Robert Lord Clive, to be president and governor of and for all the said Company's affairs in the Bay of Bengal and other the places and provinces thereunto belonging in the East Indies and also to be our governor and commander-in-chief of our Fort William in the Bay and all the towns & territories thereunto belonging and of all and Singular the Forts, Factories and Settlements, Lands, Territories, Countries and Jurisdictions belonging to us within the Subahship of Bengal, and of all the forces which are now or hereafter may or shall be Employed for the service of the said United Company in the said Forts, Towns and Places; and to execute all and Every the powers and authorities thereunto appertaining, by order and direc-

tion of the Court of Directors of the said United Company for the time being, & to continue in the Exercise of the same during our and their pleasure, and until the contrary thereof shall be signified under the seal of the said United Company of Merchants of England trading to the East Indies, or under the hands of thirteen or more of the Court of Directors of the said Company for the time being. - And to the End the said Robert Lord Clive may be better Enabled to order and manage all the affairs of the said United Company, we do by these presents constitute and ordain William Brightwell Sumner Esqr to be second of our Council of Fort William next after our said president Robert Lord Clive, Brigadier General John Carnac to be and continue third of our said Council, and not to rise to a superior rank therein, Mr. William Ellis to be fourth, Mr. Chas: Stafford Playdell to be fifth, Mr. William Billers to be sixth, Mr. Harry Verelst to be seventh, Mr. John Cartier to be eighth, Mr. Warren Hastings to be ninth, Mr. John Johnstone to be tenth—Mr. Francis Sykes to be eleventh Mr. William Hay to be twelfth—Mr. Randolph Marriott to be thirteenth—Mr. Hugh Watts to be fourteenth—Mr. Ascanius Wm Senior to be fifteenth and Mr. John Chambers to be sixteenth and last of our said council of Fort William for Governing and managing all the said Company's affairs in Bengal, and the places and provinces belonging to us as aforesaid. And we do hereby give and grant unto our said president and governor Robert Lord Clive and to our Council aforenamed, or the major part of them (the Council being duly summoned) full power and authority from time to time to rule and govern all and every our Factors and Servants under the said presidency, and all the soldiers and inhabitants of our said Fort William

and all the Towns and Territories thereunto belonging, and of all and singular the ports—Factories and settlements, lands, territories, countries and jurisdiction belonging to us within the Subahship of Bengal, to administer lawful oaths as occasion shall require, and to do and perform all such other acts and things and to use and Exercise all such other powers and authorities as the said president and governor and his Council in their several and respective places where the said United Company have or shall have factors or any places of Trade are authorized to do, according to such instructions and directions as the said Robert Lord Clive our President and Governor and Council aforesaid shall from time to time receive under the hands of thirteen or more of the Court of Directors of the said United Company for the time being. And we the said United Company hereby order and require all our factors, servants, officers and soldiers, within the limits of the said presidency, and all the people and inhabitants of the said Fort William and all the towns and territories thereunto belonging, to conform, submit and yield due obedience unto him the said Robert Lord Clive our said President and Governor and his Council accordingly. And for as much as it is altogether necessary that in case of the death or removal of said Robert Lord Clive, our presidency should be provided for the defence and Government thereof, we do therefore by these presents ordain and appoint that in such case the said William Brightwell Sumner Esqr shall immediately be and succeed in the place and charge of President and Governor of Fort William aforesaid, and in case of his death or removal, the next in degree of Council below the said Brigadier General John Carnac, shall succeed in the said presidency and Government in as full and

ample manner and with as large and ample powers, privileges and authorities as are hereby granted unto the said Robert Lord Clive until our further pleasure be known therein. And we do hereby revoke, repeals, annul and make void every former commission or commissions given and granted by us whereby any other person or persons was or were constituted and ordained President and Governor and any other persons therein named were constituted and ordained to be of the Council at Fort William aforesaid. In witness whereof we the said United Company have caused our common seal to be affixed to these presents the one and thirtieth day of May in the fourth year of the reign of his most Excellent Majesty George the Third by the Grace of God of Great Britain-France and Ireland, King Defender of the Faith, and so forth, and in the Year of our Lord, 1764.

'Signed by order of the Court of Directors of the said United Company.

ROBT. JAMES SEC.,

THE OATH TAKEN BY LORD CLIVE AS GOVERNOR AND
THE PENALTY BOND EXECUTED BY HIM ON 1ST
OCTOBER, 1766.

OATH

'I Robert Lord Clive President and Governor of Fort William in the Kingdom of Bengal in the East Indies do voluntarily of my own free Will and accord most solemnly swear Testifye and Depose in the Presence of Almighty God that I will not from this time forward during my Continuance as President or Governor of Fort William directly or Indirectly carry on use or exercise any Trade or Commerce in the way of a Merchant or otherwise traffic adventure or Trade in any

Commodities whatsoever, at, to, in, or from the East Indies China Persia or Mocha or in any part thereof or elsewhere between the Cape of Good Hope and the Straights of Magellan either on my own account or in Company with or on account of any other Person or Persons in any article of Merchandise whatsoever/save and except for the Benefit of the English East India Company, and excepting such Goods and Merchandizes as shall be remaining on Hand and unsold at the time I commenced President and Governor of Fort William, and wherein I now have any share or Interest, which only I shall sell or may dispose of or give Commissions or Directions for the selling of the same/and further, save and except, and it is the true intent and meaning hereof that nothing herein contain'd shall extend to prevent preclude or hinder me from sending or Remitting my Estate and Fortune to England by Bills, purchasing Diamonds or other precious stones provided I do not dispose of the same by way of Barter or sale here or in any other part of the East Indies, or in any other shape whatsoever/and that I will not directly or indirectly from henceforward during my Continuance as President & Governor of Fort William advance, Lend or place out any sum or sums of Money at any Rate, premium or interest exceeding ten P Cent P Annum, so that (not) the least Interest, share, Portion, Dividend, or any other Profit Advantage or Emolument whatsoever shall in respect thereof exceeding the Premium or interest of ten P Cent P Annum abovemention'd arise or accrue unto me my Heirs Executors or Administrators or unto any other Person or persons whatsoever thro' friendship favour or Influence exerted by me in their behalf contrary to the true intent or spirit of this oath.

‘And I do most solemnly swear that I will not upon any Account or Pretence whatever directly or Indirectly take accept or receive nor knowingly wittingly or willingly suffer or permit to be accepted, taken or received by any Person or Persons in trust for me my Heirs Executors or Administrators or for any other Person or Persons whatever out of personal Friendship to them or receive to my own Interest Directly or Indirectly any Jewels Effects sum or Sums of Money whether by Bonds, Bills, Obligations or otherwise or accept of, retain or keep any Fee, Gratuity or Reward in Jewels Effects money or obligations or Promises or Assurances of Money in Writing or any Nature or other Thing whatsoever which has been heretofore deposited for services promis’d to be perform’d or which shall hereafter be Deposited Lent recd or paid into my Hands or Custody or to any other Person’s in trust for me, nor knowingly permit or suffer any other Person or Persons to receive take or accept of the same, or any part thereof, by my authority or Influence from any King Prince, Vizir, Monsubdar, Nabob Dewan, Phouzdar, Zemindar or from any person or Person’s natural born subjects of the East Indies, Chine Persia or Mocha of what degree nomination or Quality soever, or from any servant or Agent or Council of any King, Prince, Vizir, Monsubdar, Nabob Dewan, Phouzdar or Zemindar exceeding the value or Amount specified in our Covenants with the said United Company: the full intent and meaning of this oath being, and I do most solemnly swear that my full and true interest and meaning is that in consideration of the sum of one and one eighth P Cent upon the Revenues of Bengal Bahar & Orixasave and except the Revenues of the Lands of the said United Company at Calcutta Burdwan Midnapore and Chitta-

gong/to be paid to me in Monthly, Quarterly or Yearly payments during the time I shall continue to be President and Governor of Fort William and likewise in consideration of my salary stated Allowances & Commission upon the Mint, Coral, and upon freight Goods and 10 P. Cent interest or Premium upon any sum or sums of money I shall or may hereafter Lend advance or place out at Interest as beforemention'd, no other Emolument or advantage whatsoever shall in any wise however directly or indirectly arise or accrue unto me my Heirs Executors or Administrators, or to any other Person or Persons whatever thro' favor or Friendship from me either from my office, or for, or by Reason or means of the Influence and Authority I may have as President and Governor of Fort William.

'I further swear that I will not myself receive or knowingly permit any other Person to receive any Fee Gratuity or advantage from the disposal of any Place or employment or office to any European or any other person whatever in or out of the Company's service and that I will not in any manner break thro' or act in any Respect during the time I shall continue to be President & Governor of Fort William contrary to any Article Covenant clause Promise or Agreement contain'd in or the true Interest and meaning of a certain Indenture bearing Date this first day of October one thousand seven Hundred and Sixtysix and made or mention'd to be made between the said United Company of the one part and Robert Lord Clive of the other Part but that I will truly and faithfully perform the same.

PENALTY BOND

'This Indenture made the first day of October in the sixth year of the Reign of our Sovereign Lord

George the third by the Grace of God of Great Britain France and Ireland King, Defender of the Faith etc. and in the year of our Lord one Thousand seven Hundred and sixtysix, Between the United Company of Merchants of England trading to the East Indies on the one part and Robert Lord Clive Baron Clive of Plassey in the Kingdom of Ireland, President and Governor of Fort William in the Kingdom of Bengal on the other part Witnesseth that in Consideration of the said Robert Lord Clive's being President & Governor of Fort William and in Consideration of the several sum and sums of Money to be received by him the said Robert Lord Clive in manner following, that is to say, the sum of one and one eighth P Cent upon the Revenues of Bengal Bahar & Orixahave and except the revenues of the Lands of the said United Company at Calcutta Burdwan Midnapore Chittagong/to be paid unto him in monthly quarterly or yearly payments during the time he shall continue to be President and Governor of Fort William aforesaid, and also in Consideration of his Salary stated allowances and Commission upon the Mint Coral and upon Freight Goods. The said Robert Clive doth hereby for himself his Heirs Executors and Administrators Covenant promise and agree to and with the said United Company and their successors that the said Robert Lord Clive during the time he shall continue to be President and Governor of Fort William aforesaid shall not directly nor Indirectly upon any Pretence or Pretext whatsoever carry on use or exercise any trade or Commerce in the way of a Merchant, or otherwise traffick adventure or trade in any Commodities whatsoever at, to, in or from the East Indies Chine Persia or Macha, or in any part thereof or else where between the Cape of Good Hope and the straights of Magellan, either on his own account

or in Company with or for or on account of any other Person or Persons in any article of Merchandize whatsoever (save and except for the Benefit of the English East India Company and except in such Goods and Merchandize as shall be remaining on hand and unsold at the time he the said Robert Lord Clive commenced President and Governor of Fort William, and wherein he now hath any share or Interest which only he shall or may sell or dispose of or give Commissions or Directions for selling the same, and further gave and except and it is the true Intent and meaning hereof that nothing herein contained shall extend to prevent preclude or hinder him the said Robert Lord Clive from purchasing Diamonds or other precious stones provided he does not dispose of the same by way of Barter or sale here or in any other part of the East Indies or from sending or remitting his Estate or Fortune to England by Bills or in any other shape whatsoever/nor barter sell or Exchange any kind of goods, wares or Merchandizes, nor accept from nor give to any person or persons Commissions for managing or transacting Business or affairs of Merchandize/except as before is excepted) and said Robert Lord Clive doth hereby further Covenant promise and agree to and with the said United Company and their successors that the said Robert Lord Clive shall not nor will himself nor shall wittingly permit or suffer any other person or persons in his Name or to his use to advance Lend or place out any sum or sums of Money at a greater Rate premium or Interest than 10 P Cent P annum so that not the least Interest Share Portion or Dividend or any other Profit advantage or Emolument whatsoever shall in respect thereof exceeding the said Premium or Interest of 10 P Cent P Annum as aforesaid arise or accrue upto him the said Robert Lord Clive

His Heirs Executors or Administrators or unto any other Persons whatever thro' friendship favour, or influence exerted by him in their Behalf contrary to the true interest and spirit of the oath hereunto annexed. And the said Robert Lord Clive doth hereby further covenant and agree that he shall not nor will upon any account or pretence whatsoever directly or Indirectly accept take or receive nor knowingly wittingly or willingly suffer or permit to be accepted taken or received by any person or persons for his use or in trust for him his Heirs Executors or administrators or any other person or persons whatsoever out of personal Friendship to them or Regard to his own Interest directly or indirectly any Jewels Effects Sum or Sums of Money whether by Bonds Bills Notes obligations or otherwise or accept or retain or keep any free Gratuity or Reward in jewels Effects Money obligations or promises or assurances of Money in writing of any Nature or other thing whatsoever which has been heretofore deposited for services to be performed or favours to be received or which shall hereafter be Deposited lent received or paid into his Hands or Custody or into the Hands or Custody of any other Person or persons in trust for him, nor knowingly permit or suffer any other person or persons to receive take or accept of the same or any part thereof by his authority or Influence from any King Prince Vizir Monsubdar Nabob Dewan Phouzdar Zemindar or from any other Person or Persons natural born subject of East Indies China Persia or Mocha, of what Degree Nomination or Quality soever or from any servant Agent or Council of any King Prince Vizir Monsubdar Nabob Dewan Phouzdar or Zemindar exceeding the Value or amount specified in the Covenants with the said United Company. And the said Robert Lord Clive doth further covenant

and agree that no other emolument or advantage whatsoever/excepting as herein excepted/shall in any wise howsoever directly or indirectly arise or accrue unto him his Heirs, Executors or Administrators or to any other person whatever thro' favor or Friendship either from his office or for or by Reason or means of the Influence or Authority he may have as President and Governor nor will he the said Robert Lord Clive receive or knowingly permit any other person to receive any fee gratuity or advantage from the disposal of any place employment or office to any European or any other person whatever in or out of the Company's service. And in order to a discovery to and satisfaction for any Actings or Doings of the said Robert Lord Clive or breach of any Covenant Clause Article or Agreement herein contained contrary to the true Interest and meaning hereof. It is hereby agreed that it shall and may be lawful to and for the said United Company and their successors to exhibit or file any Bill or Bills of Complaint of Discovery in his Majesty's court of Chancery or Exchequer at West-Minster, or by three or more of the Council at Fort William for the time being on behalf of the said United Company in the Hon'ble the Mayor's Court for the Town of Calcutta Fort William aforesaid or by any other Person or Persons whatsoever against him the said Robert Lord Clive, his Heirs, Executors or Administrators whereunto the said Robert Lord Clive doth hereby agree that he will not demur nor plead in Bar of the Discovery or Relief sought by such Bill or Bills that hereby he is, may or shall become liable to any penalty or forfeiture by force of any Law or Statute Bond Covenant Agreement of otherwise howsoever but shall make and put in a full and perfect answer and answers to all the Parts thereof and

shall not in such answer or answers insist upon any Penalty Forfeiture Law or Statute Bond or Covenant or agreement or alledge any matter whatsoever whereby to prevent bar or preclude the said Company or any other Person or Persons from the discovery or Relief sought or to be sought by such Bill or Bills as aforesaid; and for the true full and faithful Performance of every Article, Clause promise Covenant and Agreement herein contained and the true intent and meaning thereof on the part and behalf of the said Robert Lord Clive he the said Robert Clive doth hereby bind and oblige himself his Heirs Executors and Administrators unto the said United Company and their successors in the penal sum of 150000 £ of Lawful Money of Great Britain to be recovered in case the said Robert Lord Clive shall act contrary to the true Interest and meaning of these presents, one third part of the said sum of 150000 £ sterling to be paid and be payable unto such person or persons as shall sue for the same after Information and full proof shall be made thereof in the Court of Chancery Exchequer or the Mayor's court Calcutta for before the Court of Directors of the said United Company or their successors or before the Council of Fort William aforesaid, and the remaining two third Parts thereof shall be paid to and for the use of the said United Company and their successors.

‘In Witness whereof the President and Council of Fort William in behalf of the said United Company have hereunto set their Hands & the seal of the said Company on the one part, and the said Right Hon'ble Lord Clive has set his Hand & Seal on the other Part this first day of October 1766.’

SELECT COMMITTEE PROCEEDINGS,
19TH OF SEPTEMBER 1766

The right honourable the president has urged the necessity of restricting the future governors of this presidency, in points of trade and private interest, with arguments of so much force and conviction, in the following minute, that we unanimously agree in recommending his lordship's proposal to the board, that it may be carried into execution with all convenient dispatch.

"LORD CLIVE'S MINUTE"

Our attention as a select committee invested with extraordinary powers by the court of directors, has been constantly engaged in reforming the abuses which had crept into the several departments of this government. The important work has been steadily prosecuted with zeal, diligence, and disinterestedness on our parts, and the success of our labourers gives us reason to hope that our employers will be of opinion that we have established many useful and necessary regulations. Many others however are still wanting to complete our plan; but I doubt not that the same principles which have hitherto guided our conduct, will continue to direct and justify the measure we have yet to pursue.

To place the president in such a situation as will render his government honourable to himself, and advantageous to the company, appears to be an object of as much consequence as any that has been taken into our consideration. Where such immense revenues are concerned, where power and authority are so enlarged and where the eye of justice and equity should be ever watchful, a governor ought not to be embarrassed with private business. He ought to be free from every occupation in which his judgement can possibly be

biased by his interest. The extensive commercial affairs, the study of the finances, the politics of the country, the epistolary correspondance, the proceedings of council and committee, these are sufficient to employ every moment of his time; and I am confident they cannot be conducted with the requisite attention to the company's interest, if the mind of the governor be diverted by complicated mercantile affairs of his own.

If we look back upon those unhappy dissensions, which have frequently brought the company's possessions in Bengal almost to the point of destruction, we shall find that they have generally proceeded from the governors, who, too eager in the pursuit of private interest, have involved themselves in affairs which could not be reconciled to the strict principles of integrity. To prevent scrutinies and discoveries, which might in any degree affect their honour, they have frequently been reduced to the necessity of conniving at abuses which would otherwise have been brought to light and reminded. The welfare of this great company should be the sole study of governor; attached to that point alone, his measures could never be thwarted by the malice of opposition, because they would all be proposed for the public good, and actions will always be justified or condemned from the principles on which they are founded.

Such a state of independency and honour must be mightily eligible to a governor; and, in my opinion, it can only be acquired by cutting off all possibility of his benefitting himself either by trade, or that influence which his power necessarily gives him in these opulent provinces.

I therefore propose that the governor shall, in the most public manner, in the presence of all the company's

servants, the mayor, and aldermen, and free merchants, assembled at the Mayor's Court, take the oath and execute the penalty-bond annexed.

The consideration I have proposed is $1/8$ per cent. upon the revenues, excepting those arising from the country's own lands at Calcutta, Burdwan, Midnapore, and Chittagong.

Although by these means a governor will not be able to amass a fortune of a million, or half a million, in the space of two or three years, yet he will acquire a very handsome independency, and be in that very situation, which a man of nice honour and true zeal for the service would wish to possess. Thus situated, he may defy all opposition in council; he will have nothing to ask, nothing to propose, but what he means for the advantage of his employers. He may defy the law, because there can be no foundation for a bill of discovery; and he may defy the obloguy of the world because there can be nothing censurable in his conduct. It short, if stability can be infused to such a government at this, where riches have been acquired in abundance in a small space of time, by all ways and means and by men with or without capacities, it must be effected by a governor thus restricted; and I shall think it can honour if my proposal be approved, to set the first example."

The oath was, that the governor should not, directly or indirectly, carry on any trade, but that he should not be precluded from disposing of such goods or merchandise as might be on his hands unfold at the time of his commencing governor.

A proviso was inserted, That he should not be prevented from pur-

chasing diamonds or other precious stones, provided he did not dispose of the same by way of barter or sale in the East Indies or from remitting his fortune to England by bills, or in any other shape.

That he would not lend money at a higher rate of interest than ten per cent.

That he would not receive any present from any of the country powers exceeding the amount specified in his covenants with the company.

That he would not receive any fee or gratuity for the disposal of any office or employment whatsoever, the true intent and meaning of the oath being, that in consideration of $1/3$ per cent. upon the Dewanee collections, his salary and stated allowances, commission upon the mint, coral, and freight goods, and money lent at ten percent interest, no other emolument or advantage whatsoever, either by trade or otherwise, should accrue to him as governor of Bengal.

This proposal being approved by the council, a deed between Lord Clive and the company correspondent with the oath was executed and registered in the Mayor's court, by which the governor bound himself to the faithful performance of every clause in the penal sum of 150,000 to be forfeited in case he should act con-

trary to that indenture, one third to the informer, and two thirds to the company; recoverable upon proof given in the court of chancery, exchequer, the mayor's court at Calcutta, before the court of directors, or the council at Bengal.

Whether the trade of this society so restrained under the eye of a president, who, without the bias of interest, might derive honour to himself by correcting the faults of others, was less injurious to the natives than the trade carried on at present, the reader may determine. I will venture to assert, without fear of contradiction, that when the increased charge of 40,000 upon the revenues, is added to the loss of duties, it will be found that the company have suffered more than 150,000 per annum by overturning this plan.

To answer the arguments of every caviller, would be unworthy of those who wish to give information. Facts are stated, the motives explained and authentic papers referred to for proof of my assertions. This may be deemed sufficient by some, for so far only the public interest extends; but I hope the candid reader will not think it an improper intrusion on his patience, if I proceed to resute an injurious aspersion thrown upon the character of the noble lord, who was a principal actor in the transaction here explained.

Lord Clive declared, in his letter to the court of directors, that his intention was to relinquish his share of trade to the inferior servants. This declaration was made upon a supposition that the inland trade would be prohibited, and designed "as a means to alleviate the dissatisfaction which such restrictions may occasion." The company resolved to continue the inland trade. No reason therefore existed which could induce a man of honour to refuse that share in the society, which was

established for all successive governors, when a plan, framed in pursuance of orders from directors and proprietors, was carried into execution.

But it is said, lord Clive declared, in a general court, that he would return to England not enriched a shilling by his expedition. This engagement he literally fulfilled. His shares in the society of the first year, for he had none in the second, together with his commission on the revenues, appear upon the public records. These he distributed among the gentlemen who accompanied him to India; and his intention so to do was known in England as early as the 24th of March 1767; for on that day a ballot being taken on a question concerning the jaghire, the following declaration from a friend of his lordship was not only repeatedly published in every newspaper, but industriously circulated among the proprietors of India-stock.

That his lordship has been adding to his fortune is most untrue. His friends defy the bitterest of his enemies to support the charge. A solemn asseveration in that respect, from lord Clive himself, was read in court by the friend to whom Lord Clive addressed his letter; and it is now submitted to print in order to discredit assertions which are false, or else to remain in public testimony against his lordship."

EXTRACT OF A LETTER FROM LORD CLIVE
DATED CALCUTTA 30TH SEPTEMBER 1765.

That you may assert with confidence the justice of my cause, I do declare by the God who made me, it is my absolute determination to refuse every present of consequence; and that I will not return to England with one rupee more than arises from my jaghire. My

profits from salt shall be dived among those friends who have endangered their lives and constitutions in attending me. The congratulatory nazirs, &c. shall be set opposite my extraordinary expences; and if ought remains, it shall go to Popular or some other hospital."

The account last mentioned was delivered to the council of Calcutta upon his departure for England; and the writer of these sheets can testify that nothing did remain. On the contrary, his lordship expended more than five thousand pounds from his private fortune.

The reader should understand whence this last engagement, not to enrich himself, had arisen. The motion in 1764, to request lord Clive would again embark for India, was received with universal applause, and immediately passed into a vote. Some gentlemen in the direction, although they could not object to the expedition, raised obstacles to its execution in every stage of the business. They condemned the powers to be given to the select committee, although they themselves had three months before in a less alarming situation of affairs, invested Mr. Vansittart singly with absolute authority, had given the same powers to Mr. Vansittart's unknown successor, jointly with a select committee, nay, assigned as a reason for not giving these powers to him alone, that they knew not who that successor might be. It was at length insinuated, that the expedition was convenient to his lordship who has the same object with every other man in the company's service. Lord Clive thought proper to contradict these calumnies; at the same time declaring that he would not enrich himself by his voyage to India. It surely will appear a very forced construction of such an engagement, to contend that he ought not to apply the acknowledged profits of his government to the reward of those

services were necessary to him in the discharge of his public duty.

These gentlemen went to India with the knowledge of the directors, but without any emoluments from the company. Unrestrained by covenants, they might have been easily enriched by trade or presents. Numberless opportunities occurred; but it was thought more honourable to confer upon them the known acknowledged reward which the governor might justly have appropriated to himself.

It has been asserted, that the jaghire was restored to Lord Clive upon his entering into the engagements before mentioned. Nothing is less true. It is notorious that he declared himself ready to embark for India, and leave his right to the decision of the law. When the proprietors requested him to accept the government and command of this forces, the jaghire was depending in chancery. By the proceedings in the cause, it appears that a curious reason had been given for withdrawing it, "because all cordiality had ceased between the directors and his lordship." This reason not being conclusive with the proprietors, a proposal of accommodation was accepted, and the jaghire was settled upon his lordship for ten years, if he should so long live. The directors, in the year 1767, sensible of his disinterested services in Bengal, proposed to a general court a prolongation of this term; and, although some opposition was made while the crown claimed a right to the company's revenues, a further term of ten years was afterwards added, by an unanimous vote of the proprietors, Mr. Vansittarat himself speaking in support of the motion.

B.—GRANT OF DIWANI

THE ROYAL GRANT OF THE DIWANI DATED 12TH
AUGUST, 1765

(vide Bengal Select Committee, September 7, 1765)

‘FIRMAUN RELATIVE TO THE DEWANNY OF BENGAL BAHAR AND ORISSA’

‘At this happy time our royal Firmaun worthy of observance, indispensably requiring obedience, is issued that whereas in consideration of the attachment & services of the high & mighty, the noblest of exalted nobles the chief of illustrious Warriors our faithful servants & sincere well wishers worthy of our royal favours the English Company, we have granted them the Dewanny of the Province of Bengal, Bahar & Orixia from the beginning or Fussul rubby of the Bengal year 1172, as a free Gift & Ultungan without the association of any other Person whatever & with an exemption from the payment of the Customs of the Dewanny which used to be paid to the Court, It is requisite that the said Company engage to be security for the sum of twenty six lakhs of rupees a year for our royal Revenue, which sum has been appointed from the Nabob Nadjum-ul-Doula Bahadre, and regularly remit the same to the Royal Sircar; and in this case as the said Company are obliged to keep up a large Army for the protection of the provinces of Bengal Etc. We have granted to them whatsoever may remain out of the Revenues of the said provinces, after remitting the sum of 26 Lack of Rupees to

the Royal Sircar & providing for the Expences of the Nizamut. It is requisite that our Royal Descendants, the Viziers, the Bestowers of Dignity the Omrahs high in Rank, the great officers, the Mutta suddies of the Dewanny, the managers of the Business of the Sultanutt the Jaghierdars & Croories as well the future as the present, using their constant endeavour for the establishment of this our Royal command leave the said office in possession of the said Company from Generation to Generation for ever and ever. Looking upon them to be ensured from dismissal or removal, they must on no account whatsoever give them any interruption, & they must regard them as excused & exempted from the payment of all the Customs of the Dewanny & royal demands. Knowing our orders on this subject to be most strict & positive let them not deviate therefrom. 'Written the 24th of Suffer of the 6th year of the Jaloos (the 12th of August 1765).'

'Contents of the 'Zimmun.'

'Agreeably to the paper which has received our sign manual our Royal Commands are issued that consideration of the attachment & services of the high & mighty the noblest of exalted Nobles the Chief of illustrious Warriours our faithful servants & sincere wellwishers worthy of our royal favour, the English Company we have granted them the Dewanny of the provinces of Bengal, Bahar & Orissa from the beginning of the Fussul Rubby of the Bengal Year 1172 as a free Gift & Ultamgan, without the association of any other person & with an exemption from the customs of the Dewanny which used to be paid to the Court, on Condition of their being security for the sum of 26 laaks of Rupees a year for our royal Revenue which sum has been appointed from the Nabob Nadjum-ul-Doula Bahadre, & after remitting the

royal Revenue & providing for the expences of the Nizamut, whatsoever may remain We have granted to the said Company—

The Dewanny of the Province of Bengal

The Dewanny of the Province of Bahar

The Dewanny of the Province of Orissa.

‘FIRMAUN FOR THE DEWANNY OF THE PROVINCE OF BENGAL’ ETC.

‘At this happy time our Royal Firmaun indispensably requiring obedience is issued, that in consideration of the attachment of the high & mighty, the noblest of exalted nobles the Chief of illustrious Warriours our faithful servants and sincere wellwishers worthy of our Royal Favours the English Company, we have granted them as a free Gift & ultungan agreeably to the Zimmun from the beginning of the Rubby Tuccacory-ul of the Bengal Year 1172, the office of the Dewanny of the Calissa Sheereefa of the province of Bengal (the paradise of the Earth) with the conditional Jagheer thereof without the association of any other person. It is requisite that our royal Descendants, the Vizeers, the bestowers of Dignity, the Omrahs high in rank, the great Officers, the Mutta-suddis of the Dewanny the managers of the business of the Sultanat, the Jagheerdars & Croories as well the future as the present, using their constant Endeavours for the Establishment of this our royal command leave the said office in possession of the said Company, from Generation to Generation for ever & ever. Looking upon them to be ensured from dismissal or removal they must on no account whatsoever give them any interruption, & they must regard them as excused & exempted from the payment of all the Customs of the Dewanny & Demands of the Sultanut. Knowing our

Orders on this subject to be most strict & positive, let them not deviate therefrom

'Written the 24th of Suffer of the 6th Year of the Jaloos.

(the 12th of August 1765)

'Contents of the Zimmun

'Agreeably to the paper which has received our sign manual. We have granted the office of the Dewanny of the Calissa Sheereefa of the province of Bengal (the paradise of the Earth) with the conditional Jagheer thereof as a free gift & Ultamgan to the high & mighty, the noblest of exalted nobles the Chief of illustrious Warriours our faithful servants & sincere wellwishers, worthy of our royal Favours the English Company without the association of any other person from the beginning of the Rubby Tuccacooy-ul of the Bengal Year 1172'.

Mutatis mutandis similar *farmans*, with the corresponding Zimmuns, were issued on the same date, 'for the Dewanny' of the provinces of 'Bihar' and 'Orissa'.

'FIRMAUN IN CONFIRMATION OF LORD CLIVE'S JAGHEER'

'Whereas a Sunnud has been presented to us under the seal of the Nabob Nudjum-ul Doula Bahadre to the following purpose viz. "The sum of 222958 Sicca Rupees & odd agreeably to the Dewanny Sunnud & the Sunnud of the high & mighty Shuja-ul Moolk Hissam-ul-doula Meer Mohamed Jaffier Cawn Bahadre has been appointed from the Pergannah of Calcutta & in the Sircar of Santgaun Etc. in the province of Bengal (the paradise of the Earth) the Zemindarry of the English Company as an unconditional Jagheer to the high & Mighty Zubdut-ul-Moolk Nusseer-ul-Doula Lord Clive

Bahadre; now likewise the said Pergunnas are confirmed as an unconditional Jagheer to the high & mighty aforesaid; from the 16th of May of the 1764th year of the Christian Style (answering to the 14th of Zecada of the 1177th year of the Hegyra) to the expiration of ten years, they shall appertain as an unconditional Jagheer to the high & mighty aforesaid, & after the expiration of this term they shall revert as an unconditional Jagheer & perpetual Gift to the Company, and if the high & mighty aforesaid should die within the said term they shall revert to the Company immediately upon his Death", & whereas the said sunnud has met with our approbation at this happy time, therefore our royal Firmaun indispensably requiring obedience is issued that in consideration of the Fidelity of the English Company and the high and mighty aforesaid, the said Jagheer stand confirmed agreeably to the aforesaid Sunnud. It is requisite that the present & future Muttasuddis, the Chawdries, Canoongoes, Muccuddins, Ryots, Muzzarries & all other Inhabitants of the pergunna of Calcutta & in the Sircar of Satgaun etc regard the high & mighty aforesaid during the forementioned Term & after him the Company aforesaid as unconditional Jagheerdars, & regularly pay them the revenues of the said Pergannahs.

'Written the 24th of Suffer of the 6th Year of Jaloos (the 12th of August 1765).'

'Contents of the Zimmun

'Agreeably to the paper which has received our sign manual, our Royal commands are issued that whereas the sum of 222958 Sicca Rupees & odd has been appointed from the pergunnahs of Calcutta & in the Sircar of Sautgaum Etc, the Zemindarry of the English Company as an unconditional Jagheer to the high & mighty Zubdut-ul-moolk Nusseer-ul-Doula Lord Clive Bahadre,

agreeably to the Dewanny Sunnud and the Sunnud of the Nazim of the province; in consideration of the attachment of the high & mighty aforesaid, We have been graciously pleased to confirm to him the said Pergunnas for the space of ten years commencing from the 16th of May of the 1764th of the Christian Style of 14th of Zecada of the 1177th year of the Hedyra, & in consideration of the attachment of the English Company we have granted the said Pergunnas to them after the expiration of the aforesaid Term as an unconditional Jagheer & perpetual Gift; & if the high & mighty aforesaid should die within this Term, the said Pergunnas are to revert immediately to the English Company'.

'FIRMAUN FOR BURDWAN AND THE REST OF THE
COMPANY'S POSSESSIONS IN BENGAL

'At this happy time our royal Firmaun indispensably requiring obedience is issued that the chuclas of Burdwan, Midnapore & Chittagong Etc, & also the twenty four Perganas of Calcutta etc. (the Zemindary of the high & mighty, the noblest of exalted Nobles, the Chief of illustrious Warriours our faithful servants the English Company) which were granted to the said Company in the time of Meer Mohomed Cossim & Meer Mohomed Jaffier Cawn deceas'd, we in consideration of the attachment of the said Company have been graciously pleased to confirm to them the beginning of the Fussul Rubby of the Bengal Year 1172 as a free Gift & ultungan without the association of any other person. It is requisite that our royal Descendants, the Vizeers the bestowers of dignity, the Omrahs high in rank, the great officers, the Muttasuddies of the Dewanny, the managers of the business of the Sultanut, the Jagheerdars & Croories, as well for the future as the present,

using their constant endeavours for the establishment of this our royal command, leave the said district & Pergunnas in possession of the said Company from Generation to Generation for ever & ever. Looking upon them to be insured from Dismission or removal they must on no account whatsoever give them any interruption, & they must regard them as excus'd & exempted from the payment of all manner of customs & demands. Knowing our orders on this subject to be most strict & positive let them not deviate therefrom.

'Written the 24th of Suffer of the 6th Year of the Jaloos (the 12th of August 1765).'

'Contents of the Zimmun

'Agreeably to the paper which has received our Sign manual our Royal Commands are issued that the Chucles of Burdwan, Midnapore & Chittagong Etc. & also the twenty four Pergunnas of Calcutta (the Zemin-dary of the English Company) which were granted to the said Company in the time of Meer Mohomed Cossim & Meer Mohomed Jaffier Cawn deceas'd be confirmed to the said Company as a free gift & ultumgan without the association of any other Person.

Chuccla of Burdwan

Chuccla of Midnapore

Chuckla of Chittagong

The 24 Pergunnas of Calcutta Etc. The Zemin-dary of the English Company.'

EXTRACT OF THE GENERAL LETTER TO THE PRESIDENT
AND CONSUL AT BENGAL, DATED THE 1ST JUNE, 1764

Par. 20. Having considered what Allowance should be made to Lord Clive as President and Governor, we have agreed to settle upon his Lordship, and he is

accordingly to be allowed the sum of Six thousand Pounds a Year, to be paid him monthly, to commence upon his Arrival in Bengal; which, together with the One per Cent. Commission he is entitled to as President, out of the Two and One Half per Cent. Coinage duty, are to be in full Consideration for all his services, both Civil and Military; consequently, his Lordship is to have no Allowance, whatever, by way of Commission, or otherwise, out of the Revenues, from any of our territorial Acquisitions whatsoever; and our Orders thereupon, as contained in our Letter of the 13th March 1761, and the 13th May 1763, are, from this time forward, to be null and void.

21. We do not mean to hinder his Lordship from receiving the usual Commission, arising from the Coral, and other licensed Articles, consigned to him by private Merchants: This his Lordship is to have in the usual manner.

54. For the Reasons given in our Letter of the 8th February last, we were then induced to send positive Orders to put a final and effectual End to the Inland Trade in Salt, Beetle Nut, Tobacco, and in all other Articles whatsoever, produced and consumed in the Country To the Remarks we made in that Letter we must add one Observation, which is; It appears very extraordinary, that, in a Trade so extremely lucrative in Individuals, the Interest of the Company should not have been at all attended to, or considered.

55. Those Orders were sent, it is true, before we received the new Treaty you entered into with Jaffer Ally Cawan, upon his Re-establishment in the Subahship; in which it is agreed, That the English shall carry on their Trade by means of their own Dusticks, free from all Duties, Taxes and Impositions in all Parts of

the Country, except in the Article of Salt on which a duty of Two and One Half per Cent. is to be levied on the Rowana, or Houghly Market price; wherein it is further agreed, that the late Perwanahs, issued by Cossim Ally Cawan, granting to all Merchants the Exemption of all Duties, for the Space of Two Years shall be reversed and called in, and the Duties collected as before.

56. These are Terms which appear to be of very injurious to the Nabob, and to the Natives, that they cannot, in the very Nature of them, tend to any thing but the producing general Heart-burnings and Dissatisfaction; and consequently there can be little Reason to expect the Tranquility of the Country can be permanent: The Orders therefore in our said letter of the 8th of February, are to remain in force, until a more equitable and satisfactory Plan can be formed and adopted, which, as it is impossible for us to frame here, destitute as we are of the Informations and Lights necessary to guide us in such an important Affair.

57. You are, therefore hereby Ordered and directed, as soon after the Receipt of this as may be convenient, to consult the Nabob as to the Manner of carrying on the Inland Trade in Salt, Beetle Nut, Tobacco, and the other Articles produced and consumed in the Country, which may be most to his Satisfaction and Advantage, the Interest of the Company, and likewise of the Company's servants.

58. You are therefore to form a proper and equitable Plan for carrying on the said Trade and transmit the same to us, accompanied by such Explanations, Observations, Remarks and as may enable us to give our sentiments and Directions thereupon, in a full and explicit Manner.

59. In doing this, as before observed, you are to have a particular Regard to the Interest and entire Satisfaction of the Nabob both with respect to his Revenues, and the proper Support of his Government; in short, this Plan must be settled with his free Will and Consent, and in such a Manner as not to afford any Just Grounds for Complaint.

60. In the next Place, the utmost Care and Attention must be bestowed in forming the said Plan, that, in some proper Mode or Shape, a just and equitable Consideration be secured for the Company.

61. If any Inconveniencies shall be apprehended to arise to the Company's Investments, upon carrying on such an Inland Trade, you are to give us your full thoughts thereupon, and in what Manner they may be obviated.

62. You are to give us your impartial & unbiassed Thoughts, also, Whether the carrying on this Inland Trade may affect the just Right and Privileges of the French, Dutch, or any Europeans, and tend thereby to draw on, any national Altercations and Embroils, which are by all means to be avoided, in forming the said Plan; therefore you are to be particularly careful to prevent these or any Evils of the like Kind.

63. And here let it be remarked, that no persons whatsoever have a Right to trade within the Limits of the Company's Charter without their License; if any new Tracks of Trade are fallen into, surely therefore the Company's Interest ought to have the Preference and be equitably considered, in order to induce them to permit their Servants to articipate in the advantages resulting from such Trade.

64. In the 20th Paragraph of this Letter we have mentioned, that the sum of £ 6,000 a year is to be

allowed Lord Clive as President and Governor: We do not mean that Sum is to include his extraordinary Expences, in case his Lordship shall at any Time be under the Necessity of taking the Field: We therefore direct, 'That all such Expences be borne by the Company, and paid to his Lordship out of our Cash in Bengal, accordingly; in which all the Frugality is recommended that is consistent with the Service.

65. The said £ 6,000 a Year is intended as an Appointment of Lord Clive only, and not to be allowed to any future President and Governor: We therefore direct, that any Person who shall immediately, and in future, succeed to the Government after his Lordship, be allowed over and above the Commission on the Coinage Duty, £ 3,000 a year, as settled in our letter, of the 13th March 1761, for Salary, Expences of his Table, and all other Charges and Expences whatsoever, as President and Governor.

67. The General Court of Proprietors having, on account of the critical Situation of the Company's Affairs in Bengal, requested Lord Clive to take upon him the Station of President, and the Command of the Company's Military Forces there; his Lordship has been appointed President and Governor accordingly, as mentioned in the preceding Part of his letter. The Intention of the General Court, in desiring Lord Clive to go to Bengal, was, That by his Lordship's Character and Influence, Peace and Tranquillity might be the easier restored and established in that Subahship. In order, therefore, to answer these Purposes in a Manner that we apprehend may prove most effectual, we have thought proper to appoint a Committee on this Occasion, consisting of his Lordship Mr. William Brightwell Sumner, Brigadier Genl. Carnac, also Messrs.

Harry Verelst and Francis Sykes, to whom we do hereby give full Powers to pursue whatever Means they shall judge most proper to attain those desirable Ends; but, however, in all Cases where it can be done conveniently, the Council, at large, is to be consulted by the said Committee, though the Power of determining is to be in that Committee alone. We further direct, that as soon as Peace and Tranquillity are restored and established in the Subahship of Bengal, then the said extraordinary Powers are immediately to cease and the said Committee be dissolved.

68. As we would have the said Committee as, long as it is necessary to exist, as before mentioned, to consist of Five Members; in case therefore of a Vacancy or Vacancies, by Death or Absence from Fort William, they are to be filled up by the said Committee out of such of the Civil Members of the Council as they shall think proper, from time to Time.

69. We are also to inform you, and direct, that the said Committee is to be the Committee for defending the Settlement in case of being attacked by an Enemy, agreeably to the Directions and Rules laid down in our Letter of the 12th of May 1758, to which is to be added Sir Robert Barker, the Colonel and Commandant of the Corps of Artillery.

70. The Powers of the said Committee are by no means meant to invalidate or dispense with, or in any way prevent, the carrying strictly into Execution the Orders contained in the 53rd Paragraph of this Letter, with respect to the Deed of Covenant all our Servants, both Civil and Military, are to enter into, according to the true Intent and Meaning of the said Covenant.

C.—COVENANTS OF THE COMPANY'S SERVANTS

COVENANTS MADE BY THE EAST INDIA COMPANY WITH THEIR SERVANTS

The following covenants were issued by the East India Company to their servants in the time of Clive :—

The First Writers' Covenants of 1756 is as follows:—

A.B. will not directly or indirectly take, accept or receive or agree to take, accept or receive any Gift, Reward, Gratuity, Allowance, Compensation, Sum or Sums of Money whatsoever from any Persons or Person, of whom he, the said A.B. shall by himself or any agent for him, buy or barter any Goods, Merchandize Treasure or Effects for or upon account of the said Company (or from those to whom he sells). And upon condition that the said A.B. shall in all things perform his Covenants and Agreements with the said Company and to encourage him so to do. It is further covenanted and agreed by and between the said Parties to these Presents that it shall and may be lawful to and for the said A.B. and the company both accordingly licence the said A.B. during the said 5 years, commencing as aforesaid, freely to trade and traffick for his own account only, from Port to Port in India, or elsewhere, within the Limits aforesaid, (i.e. between the Cape of Good Hope and the Straits of Magellan) but not to or from any Place without the same (further that servants having injured Natives may be judged and punished by the Company).

And the said A.B. doth agree that he will not carry on Trade either from Europe to the East

Indies or to any Place within the said Company's limits
or from the East Indies etc. to Europe..... nor
 shall carry on, use or be concerned in any Trade or
 Traffick whatsoever but such as is expressly allowed
by the true Intent and Meaning of these Presents.

The second Writers' Covenant of 1764 is as follows:
 (that he will not) take.....any Gift or
 Grant of Lands, or Rents or Revenues issuing out or
 Lands, or any Territorial Possession, Jurisdiction,
 Dominion, Power or Authority whatsoever from any
 of the Indian Princes, Sovereigns, Soubahs or Nabobs
 or any of their Ministers, Servants or Agents.....
 without the License and Consent of the Court of
 Directors.....nor shall accept, take or receive any
 Gift etc.....in Money, Effects, Jewels or otherwise
 howsoever.....exceeding the value of 4000 Rupees
 without the License of the Court of Directors.....
 nor any such Reward etc., exceeding the value of 1000
 Rupees without any License of the President and
 Council and that he shall and will convey, assign and
 make over to the said United Company.....every
 such Gifts or Grants of Lands etc; and also account for
 and pay to the said United Company.....all and
 every such Gifts or Grants of Lands etc.

D.—EVILS OF PRIVATE INLAND TRADE AND DOUBLE GOVERNMENT

EVILS OF PRIVATE INLAND TRADE AND DOUBLE GOVERNMENT

*Letter from Mohamed Reza Khan to the Secret
Committee at Calcutta*

February 19, 1765.

The Zemindars of the Pergunnah Radshay Recoumpoor and other Districts in the Soubah of Bengal complain that the Factories of English Gentlemen in the Pergunnahs are many and their Gomastahs are in all places and in every Village almost throughout the Province of Bengal; That they trade in Linnen, Chunam, Mustardseed, Tobacco, Turmerick, Oil, Rice, Hemp, Gunnies, Wheat, in short in all Kinds of Grain, Linnen and whatever other Commodities are produced in the Country; That in order to purchase these Articles, they force their Money on the ryots, and having by these oppressive means bought their goods at a low Rate, they oblige the Inhabitants and Shopkeepers to take them at an high price, exceeding what is paid in the Markets; That they do not pay the Customs due to the Sircar, but are guilty of all manner of seditious and injurious acts, for Instance when at any time the Malguzaree is demanded of the Taalucdars, Roys etc. subjects of the Sircar, the aforesaid Gomastahs under pretence of debts due, or accounts to be settled do not let them go, or suffer the Revenues to be taken from them, and upon complaints and at the Instance of lying informers and base men, they place their Peons over the Ryotts and involve them in a variety of troubles,

that by pressing people violently into their service and imposing many and divers commands on the Officers of the Government, the Inhabitants, the Tradesmen and others they ruin everybody and reduce the villages and Gunges to a state of desolation. It is by these iniquitous Practices that the people of the Country have been ruined and driven to flight and that the Revenues of the Sircar have been injured; there is now scarce anything of worth left in the country.

RESOLUTION OF THE SECRET COMMITTEE TAKEN IN
CONSEQUENCE, ON THE SAME DATE

Agreed: that we recommend to the Board to prohibit under the severest penalties all the Company's servants, whether residing at the Presidency, the Subordinates or the Aurungs from yielding countenance shelter or protection to any of their Gomastahs, who shall presume to interfere directly or indirectly with the affairs of Government or upon any pretence whatever, give impediment or obstruction to the Officers of the Revenue in levying the Collections of the several Districts committed to their Charge. And that in all matters of Dispute or difference, whereby the Revenue can possibly be affected these Gomastahs or their constituents shall apply to the Government for redress or in case of refusal to the Resident at the Durbar, the Chiefs of Subordinates, who shall make application through the regular channel, the Governor and Council or the Select Committee.

*Letter from Mohamed Reza Khan, received
October 4, 1765.*

There are many persons who with pretence of debts being due to them, making use of the name of

the Factory disturb the Zemindaries and Districts of the Chuckla of Jehangheernuggur and sending Peons to seize People obstruct the Revenues of the Sircar. The particulars are very long, but I briefly mentioned the matter to you at Mootagy. Moreover several evasive Zemindars and Taalukdars borrow more or less from the Dependents of the Factory and when their Rents are demanded from them go and shelter themselves under their protection, so as to be out of the power of the Aumils—with the pretence of debts being due to them they carry their creditors into their districts and embezzle the revenues so that the money of the Sircar remains unpaid and spreading about reports that numbers of the Villages are rented to Dependents of the Factory, they practise villainous tricks. I accordingly receive from the Aumils frequent complaints of these proceedings. As I do not conceive that the interruptions of the revenue of the Sircar can be put a stop to without removing these pretences, I hope you will be kind enough to write to the Gentlemen of the Factories of Jehangheernuggur and Luckypore etc. that none of the dependents of the factory must lend money to the Zemindars etc. without the knowledge of the Aumil, nor hold any farm nor interfere in the affairs of the country nor send any people into the districts and make a disturbance, and that whatsoever demands they have upon the Zemindars etc. they must lay the amount thereof before Jessarut Cawn, the Naib at Jehangheernuggur, that he may oblige the people to pay whatsoever is just. THE SELECT COMMITTEE ISSUED THE FOLLOWING ORDERS October 5, 1765.

.....servants, civil and military, not to interfere directly or indirectly with the business of the Government on pain of suspension.

Observing that our orders to the Chiefs of the Subordinates to send lists to the Committee of all Europeans residing within their several districts who are not in the company's service, have been neglected.

Resolved that we repeat the above Orders, requiring them positively not only to send the most accurate lists in their power, but the persons themselves to Calcutta by the 21st inst. at which time the Company's protection will absolutely cease and they must stand to all the consequences of being left entirely in the power of the Country Government.

FIRST LETTER FROM FRANCIS SYKES

November 5, 1765.

The duties arising from the Pachautrah Office at Muxadavad only a few years ago amounted to Rs. 3,84,000; I find there is now existing scarcely anything more than the name, I have accordingly got Mohamed Reza Cawn to appoint a person of integrity and assiduity to inspect into the Drogahs' proceedings and keep an exact account of the Duties arising to the Government as it has been for many years established; the like regulations I have desired might take place in the Tanksall (mint) where abuses appear equally as great. I find it will be absolutely necessary some regulations should be fixed on for the government of the Chokeys, all over the country, for which purpose I have got Mohamed Reza Cawn to write to the Phousdars and Zemindars of the different Provinces for an exact account of all the Chokeys now kept up, that proper arrangements may be made and a few considerable ones established in the most convenient parts of the country which will answer the purpose much more effectually than the superfluous

number that do now exist, which have in some degree only served to subvert the true intent for which they were ordered and throwing a number of difficulties in the way of trade in general.

Fraud and villany appears to have been carried to so great a height in every Department that I am no longer surprised that the Nabobs of late have been so much distressed in their Government, a total change by degrees must be made, and it can only be by degrees brought about, without great disturbance and murmuring all over the country. I am exerting my utmost endeavour for the purpose but have to struggle with every difficulty that can be thrown in my way by ministers, Mutseddies, Congoes (i.e. Kanungoes) etc. and their dependents, yet with a proper support from you, I make not the least doubt in time but I shall accomplish your most sanguine expectations.

SECOND LETTER FROM FRANCIS SYKES

November 22, 1765.

I most heartily wish some method could be taken to prevent the gentlemen, civil as well as military, from sending for the different officers of the Government on every frivolous pretence by which the Collections are greatly impeded, and owing to the distance such circumstances happen from me I find it a most difficult matter to be a proper judge whether they are acting in virtue of their station or in open violence to your orders.

The expences of Moreas, Pikes, Servants, Burgundasses Roads, Charity with other contingent articles attending the Collections amounting to Rs. 10,24,129: 7-7 are large and enormous, notwithstanding I have retrenched them above one half, yet I cannot with any

propriety attempt to reduce them lower this year, particularly as the Ministers declare they are not only reasonable but indispensably necessary, however as I get a greater insight into the nature of these charges, and the Collections in general I shall be better able to judge what are superfluous and what are not so.

THIRD LETTER FROM F. SYKES

November 29, 1765.

I have with the assistance of the Ministers made an arrangement of the Chokeys necessary to be kept up and supported for the collecting of the proper Duties and Customs arising from the Trade and Merchandize of the Country. We have fixed upon 24. . . . Omsid Ally Cawn is appointed Pachowtrah Drogah and the head of this office, he as well as the Ministers demand 8 to 10 seapoys at every principal Chokey. (I think it absolutely necessary). The Chokeys belonging to the Phousdars which have so long been a disgrace to the Government are entirely abolished and only some of the most necessary ones belonging to the Zemindars will for the future be kept up for the Land Collections.

(I) LETTER FROM BECHER, RESIDENT AT MURSHIDABAD

May 7, 1769.

Since. the Hon. Company have been in possession of the Dewanee the Influence that has been used in providing their Investment and under their Name, Goods on private Account, has proved such a Monopoly, that the Chassars, Manufacturers etc. have been obliged to sell their Commodities at any price, Those employed to purchase for the English, thought proper to give them. They had no Choice, if any Country Merchant, Arme-

nian or other attempted to purchase; there was an immediate cry that it interfered with the Company's Investment. This plea has been made use (of) in all Quarters for private Emolument to the Stagnation of Trade, and the Oppression of the Chassars, Manufacturers etc. These latter finding no free vent for their Commodities, are discouraged from producing them and it is certain that the Quantity of Putney produced in the Districts hereabout decreases annually; and it is certain that if the present Monopolizing System continues even the Company's Investment will be reduced very low although all other Considerations should continue to give way to it: so that even in that Respect it becomes good policy to adopt a better System: and when it is further considered that the Company are now the Lords of this Country and the Revenues flow into their Treasury, with me there does not remain a doubt that it is for their true Interest that a Plan should be adopted which will leave Trade free and open, by which means only proper Encouragement can be given to the Ryotts, and Manufacturers to raise and make the Assortments required for the Company.

I well remember this Country when Trade was free, and the flourishing State it was then in; with Concern I now see its present ruinous Condition which I am convinced is greatly owing to the Monopoly that has been made of late years in the Company's Name of almost all the Manufacturers in the Country. Let the Trade be made free, and this fine Country will soon recover itself, the Revenues increase, and the Company procure as large an Investment as they can spare Money to purchase, these Purchases will prove a Benefit to the Country instead of tending to its Ruin as they do now to Demonstration.

.....The Revenues must increase as well by the additional Cultivation that will ensue, as by the Duties paid to the Government by the Natives, Armenians, etc., who will then be able to purchase Goods at the first Hand, which Liberty they have been deprived of for some years, which has occasioned a Decrease in the Collection of Duties on Goods under the pocholtra of Muxadavad only, of three Lacks of Rupees at least p.a. In former Times they collected between 4 and 5L a year: the poor man who rented that Office last year at 2L has been obliged to sell his house and goods to make payment of 1,70,000; the other 30,000 is a Loss on the estimated Revenue of the year.

(II) LETTER FROM BECHER, RESIDENT AT
MURSHIDABAD

May 24, 1769.

It must give pain to an Englishman to have Reason to think that since the accession of the Company to the Dewannee the condition of the people of this Country has been worse than it was before; and yet I am afraid the Fact is undoubted, and I believe has proceeded from the following causes—The Mode of providing the Company's Investment, the Export of Specie instead of importing large Sums annually; the Strictness that has been observed in the Collections; the Endeavour of all concerned to gain Credit by an Increase of Revenue during the Time of their being in Station without sufficiently attending to what future Consequences might be expected from such a Measure; the Errors that subsist in the Manner of making the Collections, particularly by the Employment of Aumils: these appear to me the principal Causes why this fine Country which flourished under

the most despotic and arbitrary Government, is verging towards its Ruin while the English have really so great a share in the Administration.

In Ali Verdi Cawn's Time the amount of the Revenue paid into the Treasury, was much less than what comes in at present, but then the Zemindars, Shroffs, Merchants etc., were rich, and would at any Time when an Emergency required it supply the Nabob with a large Sum, which they frequently did, particularly when he was at war with the Marattoes. The Custom then was to settle a Malguzarry with the different Zemindars on moderate terms: the Nabob abided by his Agreement; the Zemindars has a natural Interest in their Districts, and gave proper encouragement to the Ryotts, when necessary would wait for their Rents, and borrow Money to pay their own Malguzarry punctually. There were in all Districts Shroffs ready to lend Money to the Zemindars when required, and even to the Ryotts which enabled many to cultivate their Grounds, which otherwise they could not have done. This Mode of Collection and a free Trade which was carried on in such a Manner that the Balance proved greatly in its favour, made this Country flourish even under an arbitrary Government, and at a Time when a large Tract of it was annually invaded by the Marattoes, who burnt and destroyed all they could come at, the poor Inhabitants flying for shelter to the principal Cities, European Factories etc. The Swelling of the Rivers at the Approach of the Rains always obliged the Marattoes to retire and the Inhabitants were again secure till January. They having Encouragement set immediately to work, and endeavoured to get their crops in, and sent to Market before the Time returned for the apprehended Invasion: inso-much that even under such Circumstances the Country

was in a flourishing State and the Zemindars etc. able to pay the Nabob his Requisition (Account his extraordinary Expence in keeping so large an Army to oppose the Marattoes) the enormous sum of one Crore at one time, and 50 lakhs at another, besides paying the Malguzarry. I mention this only with a view of showing what this fine Country is capable of under proper Management. When the English received the Grant of the Dewannee their first Consideration seems to have been the raising of as large Sums from the Country as could be collected, to answer the pressing demands from home and to defray the large Expences here. The Zemindars not being willing or able to pay the Sums required, aumils have been sent into most of the District. These Aumils on their Appointment agree with the Ministers to pay a fixed sum for the District they are to go to and the man that has offered most has generally been preferred. What a Destructive system is this for the poor Inhabitants! the Aumils have no Connexion or natural Interest in the Welfare of the Country where they make the Collections, nor have they any Certainty of holding their Places beyond the Year: the best Recommendation they can have is to pay up their Kistbundees punctually, to which purpose they fail not to rack the Country whenever they find they cant otherwise pay their Kists and secure a handsome sum for themselves. Uncertain in their Office, and without Opportunity of acquiring Money after their Dismission can it be doubted that the future Welfare of the Country is not an Object with them? nor is it to be expected in Human Nature. These Aumils also have had no Check upon them during the Time of their Employment; they appoint those that act under them; so that during the Time of the Year's Collection their power is absolute. There is no fixed

Hustabood by which they are to collect, nor any likelihood of Complaints till the poor Ryott is really drove to Necessity by having more demanded of him than he can possibly pay. Much these poor Wretches will bear rather than quit their Habitations to come here to complain, especially when it is to be considered that it must always be attended with loss of Time, risk of obtaining Redress, and a certainty of being very ill-used should the Amil's influence be sufficient to prevent the poor Man's obtaining Justice or even Access to those able to grant it to him. On this destructive Plan with an continual Demand for more Revenues have the Collections been made ever since English have been in possession of the Dewannee.

Whenever the Court of Directors shall think proper to avow the Management of the Revenues I think it cannot admit of Doubt, that the Plan to be pursued throughout the whole Country should be the same as is now practised at Burdwan: viz. letting the Lands out to farm for at least 3 years with an assurance that those who behave well and give proper Encouragement to their Ryotts, should always have the preference in remaining Farmers of those Lands, when their leases expired. This Method and English Gentlemen appointed to superintend the Collections, and administration of Justice has occasioned the province of Burdwan to flourish, when the Countries adjacent to it under the Government of the Ministers are in a very declining State. Other necessary Steps to be taken are to have as great a Check on the Collectors as you possibly can, and to endeavour to fix the rate of Collections in such a Manner, that the Ryott may know as early as possible in the Season what the Collector has a right to demand of him, and no further demand should be made on any Account what-

ever. The present destructive Scheme of adding Demand on demand under the name of Matute, has been a material cause of the present distressed State of the Country and I wish the word could be abolished and never heard of more.

E.—LETTERS FROM THE COURT OF DIRECTORS REGARDING INLAND TRADE

EXTRACT OF GENERAL LETTER TO BENGAL

Revised in Bengal 13th July 1764

20. One great Source of the Disputes, Misunderstandings, and Difficulties, which have occurred with the Country Government appears evidently to have taken its Rise from the unwarrantable and licentious Manner of carrying on the private Trade by the Company's Servants, their Gomastahs, Agents, and others to the Prejudice of the Subah; both with respect to his authority and the Revenues Justly due to him. The diverting and taking from his natural Subjects the Trade in the Inland Parts of the Country, to which neither we, or nay Persons, whatever, dependant upon us, or under our Protection, have any Manner of Right; and consequently endangering the Company's very valuable Privileges; in order therefore to remedy all these Disorders, we do hereby positively order and direct;

21. That from the Receipt of this Letter, a final and effectual End be forthwith put to the Inland Trade in Salt, Beetle Nut, Tobacco, and in all other Articles whatsoever, produced and consumed in the country; and that all European and other Agents, or Gomastahs, who have been concerned in such Trade, be immediately ordered down to Calcutta, and not suffered to return or be replaced as such, by any other Persons.

22. That as our Phirmaund Privileges of being Duty free are certainly confined to the Company's Ex-

port and Import Trade only, you are to have recourse to, and keep within, the Liberty therein stipulated, and given, as nearly as can possibly be done. But as by the Connivance of the Bengal Government, and constant Usage, the Company's Covenant Servants have had the same Benefit as the Company, with respect to their Export and Import Trade, we are willing they should enjoy the same; and that Dustucks be granted accordingly but herein the most effectual Care is to be taken, that no Excesses or Abuses are suffered upon any Account whatsoever, nor Dustucks granted to any other than our Covenant Servants as aforesaid. However, notwithstanding any of our former Orders, no Writer is to have the Benefit of a Dustuck, until he has served out his full Time of Five Years in that Station: Free Merchants and other are not entitled to, or to have the Benefit of, the Company's Dustucks, but are to pay the usual Duties.

23. As no Agents, or Gomastahs are to reside, on Account of private Trade, at any of the Inland Parts of the Country, all Business on Account of licensed private Trade is to be carried on by, and through the Means of, the Company's Covenant Servants, residing at the several subordinate Factories, as has been usual.

24. We are under the Necessity of giving the foregoing Orders, in order to preserve the Tranquillity of the Country, and Harmony with the Nabob; They are rather Outlines then complete Directions, which you are to add to, and improve upon, agreeable to the Spirit of, and our Meaning in them, as may be necessary to answer the desired Purposes. And if any person or Persons are guilty of a Contravention of them, be they whomsoever they may, if our own Servants they are to be dismissed the Service if other, the Company's

Protection is to be withdrawn; and you have the Liberty of sending them forthwith to England, if you judge the Nature of the Offence requires it.

25. We cannot avoid in this Place, taking Notice of the Endeavours of President Vansittart, to form a Plan of Regulations, which, though it appeared so advantageous to Individuals, was strongly censured by the Majority of the Council, as not giving them, according to their Way of judging, a sufficient Scope for their unwarrantable Trade; however, we are satisfied of the President's good Intentions, but at the same Time, we say, it was not calculated so as to prevent future Misunderstandings with the Subah and his Government; because thereby an Inland Trade was to be admitted of; which, as has been before observed, would certainly be attended with constant Embroils and Difficulties.

EXTRACT OF LETTER FROM THE COURT OF DIRECTORS, TO
THE GOVERNOR AND COUNCIL AT BENGAL, DATED THE
15TH FEBRUARY 1765, ENFORCING THEIR ORDERS OF
8TH FEBRUARY AND 1ST JUNE LAST, RESPECTING THE
INLAND TRADE

Extract of the General Letter to Bengal, dated 15th February 1765.

Para 39. In our Letters of 8th February, and 1st June last, we gave you our Sentiments and Directions very fully, in respect to the Inland Trade of Bengal; we now enforce the same in the strongest Manner, and positively insist that you take no Steps whatever towards renewing this Trade, without our express Leave; for which Purpose you must not fail to give us the fullest Information upon the Subject, agreeable to our above-mentioned Directions.

40. The enforcing our said Orders is the more indispensably necessary, from our observing the Complaints of the present Nabob, taken Notice of and referred to, in your separate Letter of the 20th February 1764, relating to the many Difficulties, Hardships, and Oppressions he meets with, resulting from the before mentioned unwarrantable and licentious Trade. We have such an entire Confidence in Lord Clive's great Abilities and good Intentions, that we make no Doubt these great Abuses will be the particular Objects of his Care and Attention; and that he will be able to carry these our Orders effectually into Execution.

58. You inform us of an Increase to our Revenues, of more than One Lack of Rupees from the Salt Pans in the Calcutta Lands, by the Method of taxing the Khallaries at Thirty Rupees each; so considerable an Increase seems sufficiently to justify your having continued the same Method for the present Year, taking it for granted that no Grievance or Discontent has arisen from this Tax.

EXTRACT OF LETTER FROM THE COURT OF DIRECTORS TO
THE GOVERNOR AND COUNCIL AT BENGAL, DATED
26TH APRIL, 1765, DISAPPROVING OF THE
INLAND TRADE IN SALT, BEETLE
NUT AND TOBACCO

Extract of the General Letter to Bengal, dated 26th April 1765.

20. We are extremely anxious for the Arrival of Lord Clive, and the Gentlemen who accompanied him; as they have been so lately in England, they are the best Judges of the Opinion the Company and the Nation entertain of the Conduct of the English in

Bengal for these last Four years; which, we are sorry to say, is in general, that they have been guilty of violating Treaties, of great Oppression, and a Combination to enrich themselves.

21. We do not here mean to enter into a Discussion, respecting the political Conduct of our late Governor and Council; but must say, that an unbounded Thirst after Riches seems to have possessed the whole Body of our Servants to that Degree, that they have lost all Sight of Justice to the Country Government, and of their Duty to the Company.

22. In reading the Opinions of the several Members of the late Council, respecting this illegal Trade, by which we mean, the Articles of Salt, Beetle Nut, and Tobacco, we are astonished to find those among them, who pretend to found their Right on the Phirmaunds.

23. Treaties of Commerce are understood to be for mutual Benefit of the contracting Parties: Is it then possible to suppose, that the Court of Delhi, by conferring the Privilege of trading free of Customs, could mean an Inland Trade, in the Commodities of their own Country, at that Period unpractised and unthought of by the English, to the Detriment of their Revenues, and the Ruin of their own Merchants. We do not find such a Construction was ever heard of until our own Servants first invented it, and afterwards supported it by Violence; neither could it be claimed by the subsequent Treaties with Meer Jaffier, or Cossim Ally, which were never understood to give one additional Privilege of Trade beyond what the Phirmaunds expressed. In short, the specious Arguments used by those who pretended to set up a Right to it, convince us they did not want Judgement, but virtue, to withstand the Temptation of suddenly amassing a great

Fortune, although acquired by Means incompatible with the Peace of the Country, and their Duty to the Company.

24. Equally blamable were they, who acknowledging they had no Right to it, and sensible of the ill Consequences resulting from assuming it, have, nevertheless, carried on this Trade, and used the Authority of the Company to obtain, by a Treaty exacted by Violence, a Sanction for a Trade to enrich themselves, without the least Regard or Advantage to the Company, whose Forces they employed to protect them in it.

25. Had this short question been put, which their Duty ought first to have suggested, Is it for the Interest of our Employers, they would not have hesitated one Moment about it; but this Criterion seems never once to have occurred.

26. All Barriers being thus broken down between the English and Country Government, and every thing out of its proper Channel, we are at a Loss how to prescribe Means to restore Order from this Confusion; and being deprived of that Confidence, which we hoped we might have placed in those Servants, who appear to have been the Actors in these strange Scenes, we can only say, that we rely on the Zeal and Abilities of Lord Clive, and the Gentlemen of the Select Committee, to remedy these Evils. We hope they will restore our Reputation among the Country Powers, and convince them of our Abhorrence of Oppression and Rapaciousness.

27. It is currently reported here, that Letters are received by the Duke of Albany, which make Mention of an Agreement between the Nabob, Meer Jaffier, and our late Governor and Council, since the Treaty concluded

with him on the 10th July 1763; by which it is stipulated, that the present Nabob shall pay, over and above the Thirty Lacks for the Company, mentioned in that Treaty, Forty Lacks by way of Restitution, to make good the Losses of private Persons; besides Twenty-five Lacks to the Army, and Twelve Lacks to the Navy, not named in that Treaty; making together the enormous Sum of One hundred and Seven lacks of Rupees; which is above One Million Three hundred thousand Pounds sterling.

28. It is very extraordinary Circumstance, that there is no mention made in any of the Letters from our late Governor and Council, of what sum was to be given by Nabob to make good the private Losses; altogether, in their Letter of 27th September 1764, they say they have regulated the Payment of Restitution to the Merchants which implies the being in Possession of a Fund for that Purpose; but we must suppose, if the Reports as to the Sums stipulated to be given for this Use, and also by way of Donation to the Army and Navy, are true, that they purposely omitted to acquaint us of the particular Amount, from an Apprehension that we could never approve of an Agreement with the Nabob of this Consequence, and for such excessive large Sums of Money, without advising us thereof, and giving us very good Reasons for a Proceeding which so nearly affect the Honour and Interest of the Company. Indeed, then we consider the present State of the Country, involved, for Years past, in continual Wars, and drained of its Riches and the Blood of its Inhabitants, it is impossible for us to suppose our own Servants capable of adding so greatly to its Miseries, by compelling, or even persuading, the Nabob to pay such exorbitant Sums of money; and at a Time when, by all Accounts he is him-

self in the greatest Distress. Be this as it may, we do expect and require from you a particular Account of every Sum received from the Nabob by way of Donation, or under any Denomination, by any and each of our Servants, Civil and Military, Whether by Agreement in Writing or otherwise, in what Manner, and for what Services; and that you immediately transmit to us Copies of all such Agreements, and the particular Account of Losses given in by each Individual, together with what Proportion has been already paid; and we positively forbid any further Payment till you receive our future Orders.

29. We do require from you, and we have a Right so to do, a just and precise Account of this whole extraordinary Transaction. The Honour and Reputation of the Company, and even of the Nation, are at Stake; and when these Particulars, if true, come to be known, they require the fullest and most explicit Explanation and Justification. We, who are at present totally uninformed from any authentic Accounts, can only express our Astonishment to hear that such things have been; as we cannot suggest to ourselves upon what Principles the present Nabob could be expected, persuaded, or required, to make good the Losses sustained by Individuals in carrying on, to their great Imputation, and the prejudice of the Company they served, a most illicit and unwarrantable, although to them a most lucrative Trade, in the Articles of Salt, Beetle Nut and Tobacco; and we are as much at a Loss to comprehend how the Services rendered to the new Nabob could deserve so exorbitant a Consideration to be given to those, who were only doing their Duty in the Service of their King and Country, and of this Company.

EXTRACT OF LETTER TO BENGAL, DATED THE 24TH
DECEMBER 1765, AND 19TH FEBRUARY, 1766,
RELATIVE TO THE INLAND TRADE

Extract of the Separate Letter to Bengal dated the 24th December 1765.

2. Although it was thought fit to confirm the Treaty made with Jaffier Ally Khan in 1757, because the Capture of the Settlement had involved the Inhabitants in one general Ruin, and without such a Restitution it must have sunk under the Calamity, or it would have been the Work of many Years to restore it to a flourishing Condition no such Circumstances existed in the present Case, yourselves Aggressors in the War, and in a great Measure brought on by an illicit Trade, of which we shall give our sentiments in the Sequel. We fear too this demand will be found, for the most Part, an Indemnification for the Losses sustained in that very Trade.

10. Your Deliberations on the Inland Trade have laid open to us a Scene of most cruel Oppression, which is indeed exhibited at one View of the 13th Article of the Nabob's Complaints, mentioned thus in your Consultation of the 17th October 1764: "The Poor of this Country, who used always to deal in Salt, "Beetle Nut, and Tobacco, are now deprived of their daily Bread by the Trade "of the Europeans, whereby no Kind of Advantage accrues to the Company, and "The Government's Revenues are greatly injured". We shall for the present observe to you, that every one of our Servants concerned in this Trade has been guilty of a Breach of his Covenants, and a Disobedience to our Orders.

15. We shall say nothing further at present on the Inland Trade, till that important Subject shall have

been taken up by Lord Clive, and the Gentlemen of the Select Committee; only to observe, that the Regulation proposed in Consultation, 17th October 1764, of confining the Trade of our Servants in the Article of Salt to be Capital Cities of Patna, Dacca, and Moorshedabad, on paying the Nabob $2\frac{1}{2}$ per Cent. is a manifest Disobedience of our Order of the 8th February, then under your Deliberation, which positively forbid all Trade in Salt, Beetle Nut, and Tobacco. Nor does it by any Means obviate the Objections arising from the Distress of the Poor, and the Injury to his Revenues: for, if you pay only $2\frac{1}{2}$ per Cent and the Country People 20, or perhaps 40 per Cent, it is as much a Monopoly as ever.

Extract of the General Letter to Bengal, dated 19th February 1766.

27. With respect to the Treaty with Nazem-o-Dowla, it is proper here to insert at length the 5th Article, which runs in these Words; "I do ratify and confirm to the English the Privilege granted them by their Phirmaund (to trade) free from all Duties, Taxes and Impositions, in all Parts of the Country, "excepting in the Article of Salt, on which a Duty of $2\frac{1}{2}$ per Cent. is to be levied; on the Rowana, or Houghley Market Price". This 5th Article is totally repugnant to our Orders, contained in our General Letter by the Kent Lapwing, dated the 1st June 1764, in which we not only expressed our Abhorrence of an Article in the Treaty with Meer Jaffier, literally corresponding with the present 5th Article, but in positive Terms directed you, in concert with the Nabob, to form an equitable Plan for carrying on the Inland Trade, and transmit the same to us, accompanied by such Explanations and Re-

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Export and Import, according to the spirit of the Phirmaund, which does not in the least give any Latitude whatsoever for carrying on such an Inland Trade; and moreover, we shall deem every European concerned therein, directly or indirectly, guilty of a Breach of his Covenants, and direct that he be forthwith sent to England, that we may proceed against him accordingly. And every Native who shall avail himself of our Protection, to carry this Trade on without paying all the Duties due to the Government equally with the rest of the Nabob's subjects, shall forfeit that Protection, and be banished the Settlement: And we direct that these Resolutions be signified publicly throughout the Settlement.

33. First, the very same Letter that carried his Appointment to the Government, carried our most positive Orders to put a total and effectual Stop to the Trade of Salt, Beetle Nut and Tobacco which we expressed to be the Source of the War, and incompatible with the Peace of the Country, and the Interest of the Company: Yet, in the Consultation 17th October, wherein that Order is taken into Consideration, he signs to a Resolution to carry on the Trade of Salt and Beetle Nut, paying the Nabob on Salt $2\frac{1}{2}$ per Cent. in direct Breach of our Orders; and in Treaty with the new Nabob, he stipulates for that Right by an express Article of the Treaty.

34. Although the Treaty with Meer Jaffier Ally Cawn was entered into before Mr. Spencer's Arrival, yet he gave his Sanction to every Part of it, particularly that which stipulated Restitution for Losses, which we make no Doubt he knew to be mostly sustained in an illicit Trade; and, preferring the Interest of the Servants to the honour of the Company, countenanced the ag-

gravating Circumstances which accompanied that Shameful Prostitution of our Authority.

EXTRACTS OF COMPANY'S LETTERS TO BENGAL, DATED
17TH MAY 1766, CONCERNING THE INLAND TRADE

Extract of the Company's Letter to Lord Clive,
dated 17th May, 1766.

My Lord,

1. We have received your Lordship's Letter of the 30th September last, which with the Letter from the Select Committee and their Proceedings, have given us a clear View of the State in which your Lordship found our Affairs on your Arrival, and the State in which they were at the Time of the said Advices.

2. When we consider the Penetration with which your Lordship at once discerned our true Interest in every Branch, the Rapidity with which you restored Peace, Order, and Tranquillity, and the unbiassed Integrity that has governed all your Actions, we must congratulate your Lordship on being the happy Instrument of such extensive Blessings to those Countries, and you have our sincerest Thanks for the great and important Advantages thereby obtained for the Company.

3. We have the strongest Sense of the deplorable State to which our affairs were in the Point of being reduced, from the Corruption and Rapacity of our Servants, and the universal Depravity of Manners throughout the Settlement; we agree entirely with your Lordship, that the Train our Affairs were then in, would in a very few Months have brought us to a most dangerous Situation.

6. Our Letter to the Select Committee expresses our Sentiments of what has been obtained by way of Donations; and to that we must add, that we think the vast Fortunes acquired in the Inland Trade have been obtained by a Scene of the most tyrannic and oppressive Conduct, that ever was known in any Age or Country; we have been uniform in our Sentiments and Orders on this Subject, from the first Knowledge we had of it; and your Lordship will not therefore wonder, that after the fatal Experience we had of the violent Abuses committed in this Trade, that we could not be brought to approve it, even in the limited and regulated Manner with which it comes to us in the Plan laid down in the Committee's Proceedings. We agree in Opinion with your Lordship upon the Propriety of holding out such Advantages to our chief Servants, civil and Military, as may open to them the Mean of honourably acquiring a Competency in our Service; but the Difficulty of the Subject, and the short Time we have at present to consider of it, have obliged us to defer giving our Sentiments and Directions thereupon until the next Dispatch.

8. As the Inland Trade has been abolished principally with a View to the Encouragement of the Natives, we hope your Lordship will find the Means to prevent its becoming a Monopoly in any Hands, but more particularly in the Hands of any powerful Native, from whom the Poor might suffer those very Inconveniencies, for the Prevention of which, we have forbid our Servants to trade in it, and have relinquished those Advantages that we ourselves might make by such a Monopoly.

9. We have had too much Occasion to remark the tyrannic and oppressive Conduct of all European

Agents, who have got away from under the Eye of the Presidency; and we wish your Lordship would make it an Object of your Consideration, how to confine the said Europeans, as much as possible, to the Presidency, and to those Subordinates where the Largeness of the Investment may require it to be conducted by covenanted Servants, preferably to Gomastahs.

11. We have the most perfect Sense of your Lordship's Disinterestedness in every Part of your Conduct, and we shall not fail to represent this to the Proprietors, and shall at the same Time inform them of the many great Advantages your Lordship has obtained for the Company; but we fear, my Lord, past Experience will teach them, as it does us, that the Permanency of those Advantages will depend much on your Lordship's continuing in India till you have seen the Regulations firmly established for the conducting these important Affairs; another Year's Experience, and peaceable Enjoyment of our Acquisitions, might fix them on a Basis, and that would give Hopes they might be as lasting as they are great. And there is no Doubt, my Lord, but the general Voice of the Proprietors indeed we may say of every Man who wishes well to his Country, will be to join in our Request, that your Lordship will continue another Year in India: We are very sensible of the Sacrifice we ask your Lordship to make in desiring your Continuance another Year in Bengal, after the great Services you have rendered the Company, and the Difficulties you have passed through, in accomplishing them, under Circumstances, in which your own Example has been the principal Means of restraining the general Rapaciousness and Corruption which had brought our Affairs so near the Brink of Ruin. These Services my Lord deserve more than verbal Acknowledgments; and

we have no Doubt that the Proprietors will concur with us in Opinion, that some solid and permanent Retribution, adequate to Your great Merits, should crown Your Lordship's Labour and Success.

EXTRACT OF GENERAL LETTER TO BENGAL DATED 17TH
MAY 1766

Para. 3. On the 2nd instant we dispatched over Land, under the strictest Order for the speediest Conveyance thereof, a short Letter to the Right Honourable the President, conveying our Approbation of the Measures his Lordship had taken, and was pursuing so indefatigable and jealously, for the Company's Advantage; a Duplicate thereof went by the same Route, on the and Triplicate of it, sealed, is enclosed, to be opened by the Select Committee only, in case of Lord Clive's Absence.

7. By this Conveyance we write to the Select Committee, in answer to their Letter of the 30th of September last; but as our Letter to them contains Matter of general and great Importance to the Affairs of the Presidency, when it is laid before you, it is to be regarded and obeyed, to all Intents and Purposes, as if directed to you in the usual Manner of a General Letter.

40. We confirm the Powers with which our President, Lord Clive, and the rest of the Select Committee, are already invested; and we hereby give them full Authority to correct Abuses of every Kind, particularly in the Collection and Management of our Revenues; to endeavour by legal Means to detect all Sorts of Corruption in our Servants, civil and military, and to punish immediately those who disobey the Company's Orders, or disregard the Select Committee's Regulations; to take

Cognizance af all Proceedings in Bengal against the Persons now dismissed by the Company for exacting or receiving Presents from the Nabob, his Ministers, and others, and to prosecute them conformable to our Orders by this Conveyance, or any future Offenders of the like Kind. In short, we give them full Power to do every Act and Deed which may contribute to preserve Peace, Tranquillity, Discipline, Harmony, good Order, and Subordination in the Settlement, by suspending the Offenders from our Service, be they whom they may. All other Persons, not under Covenants to us, who shall offend in any of these Points, must have our Protection withdrawn from them and be sent Home.

EXTRACT OF LETTER TO SELECT COMMITTEE,
DATED 17TH MAY 1766

Para. 5. Before we proceed any further, we would have it observed, That although this Letter is addressed to our President and the Select Committee, by way of Answer to theirs of the 30th September last, yet as it contains matters of general Importance to the Affairs of the Presidency, it is our Meaning that the same should be laid before the President and Council, and be attended to, and the same Regard paid to every Part thereof, to all Intents and Purposes, as if it had been directed to them in the usual Manner of a General Letter.

31. We have in all our letters, from the first Knowledge we had of our Servants being engaged in the Inland Trade, strongly discountenanced and forbid it. We have always treated it as a Breach of our Orders, a Violation of the Phirmaund, and in a great Measure the Cause of the late wars: The amazing Sums de-

manded for Restitution, in respect of Losses sustained in this Trade, have opened our Eyes to the vast Extent to which it has been carried; the Oppressions of the unhappy Natives that have attended the carrying it on and which have pervaded all Parts of the Nabob's Dominions, have convinced us, that a Monopoly of the Necessaries of Life in any Hands whatever, more especially in the Hands of the English, who are possessed of such an over-ruling Influence, is liable to the greatest Abuses.

32. Much has been urged by our Servants, at different Times, in favour of the Right to this Trade, which we have always treated as a most absurd Claim. The words of the Phirmaund are, "Whatever Goods the English Company shall bring or carry, etc., are Duty free".

33. To suppose that the Court of Delhi could mean by these Words a Monopoly of the Necessaries of Life over their own Subjects, is such an Absurdity, that we shall not lose Time or Words in trying to refute it; such a Construction seems never to have been thought of till the Year 1762; we do not find that Lord Clive, or the Gentlemen who conducted our Affairs at the Time of the Treaty with Meer Jaffier, in 1757, conceived they had acquired by those Treaties any one additional Privilege of Trade; we had indeed, in the Year 1762, some private Intimations of our Servants being engaged in such Trade, which we took Notice of in our Letter of the 19th February 1762, to which no Reply was made; but there appeared nothing of it on our Records till a Letter from the Nabob Cossim Ally, in Consultation 18th October 1762, wherein he complains of the Conduct of the Company's Servants at Dacca, in offering the Country Merchants to take Tobacco, and

other Things, above the Market Price. Soon after, the Debates on the Mongheer Treaty explain to us, that the English had been concerned in this Trade for some Years; and indeed Three Years Possession had taught them to look on it as Matter of Right, and vindicate it as such in their Negotiations with Cossim Ally Cawn.

34. As soon as it came to our Knowledge, we strictly forbade it, under Date of the 8th February 1764, which our Governor and Council took into Consideration 17th October, though they presumed at the same time to carry it on in Defiance to those Orders.

35. You now desire our Concurrence in it for the Advantage of the Company, and of the Company's Servants.

36. With respect to the Company, it is neither consistent with their Honour nor their Dignity, to promote such an exclusive Trade. As it is now more immediately our Interest and Duty to protect and cherish the Inhabitants, and to give them no Occasion to look on every Englishman as their national Enemy, a Sentiment we think such a Monopoly would necessarily suggest; we cannot therefore approve the Plan you have sent us for trading in Salt, Beetle Nut, and Tobacco, or admit of this Trade in any Shape whatever; and do hereby confirm our former Orders for its entire Abolition. Any we must here observe to you, that we continue in the same opinion which you find expressed in our Letters of the 24th December and 19th February last, that every one concerned in this Trade, even before Receipt of our letter of the 1st June 1764, has been guilty of a Breach of his Covenants.

37. The Opinions of the first Lawyers in this Kingdom confirm our Sentiments; and whenever we receive the List of the Claims for Restitution, we shall

then with Precision know whom we are to call to Account for these illicit Practices. We are fully sensible that these Innovations and illegal Traffic laid the Foundation of all the Bloodshed, Massacres, and Confusion, which have happened of late Years; we cannot suffer ourselves to indulge a Thought towards the continuance of them, upon any Conditions whatsoever. No Regulations can, in our Opinions, be formed, that can be effectual to prevent the like Consequences which we have seen. We consider it too as disgraceful, and below the Dignity of our present Situation, to allow of such a Monopoly, and were we to allow of it under any Restrictions, we should consider ourselves as assenting and subscribing to all the Mischiefs which Bengal has presented to us for these Four Years past. At the same Time we do not mean, that ancient Duties upon those Commodities, which constitute Part of the Revenues of Bengal should be abolished; but we leave the Adjustment of those duties to your Judgement and Consideration. And here we must enjoin you to have particular Regard and Attention to the Good of the Natives, whose Interest and Welfare are not become our primary Care; and we earnestly recommend it to you, that you take the most effectual Methods to prevent these great Necessaries of Life from being monopolized by the Rich and Great amongst themselves, and by that Means the Poor and Indigent becoming liable to those Grievances and Exactions, which we mean to prevent our own people from being guilty of.

F.—THE COMPANY'S GUMASTAHS AND AGENTS

Extract of Fort William Select Committee proceedings dated May 11th, 1765.

The Select Committee observing with regret the contempt shown for the positive and repeated orders of the Governor and Council, for recalling free merchants refinding up the country,—

Resolved, that the former orders on that head be now enforced, and letters dispatched to the chiefs of the several subordinates, requiring of them at the expiration of one month after notice given, to convey in safety to Calcutta all who refuse to comply with a measure so salutary to the Company, and necessary to the peace and good order of the country.

Being informed also, that a great number of Europeans, stragglers from ships, and others, who have no claim from indentures to any share of the Company's protection, are variously employed up the country, and dispersed all over the Nabob's dominions, to the great prejudice of the Company and molestation of the natives:—

Resolved, They be immediately secured, and brought to Calcutta. The Committee, finding some difficulty in procuring an exact account of the names of such Europeans,—Agreed, that the chiefs of the subordinate factories be made acquainted with the resolution of the Committee, and required to transmit, without delay, the most accurate lists in their power of all Europeans not immediately in the Company's service, who reside in or about their respective districts.

EXTRACT OF FORT WILLIAM CONSULTATIONS,
DATED MAY 13TH, 1765

The President lays before the Board an extract of the proceedings of a Select Committee, held the 11th instant, containing their resolutions for enforcing the orders of the Board for recalling to the Presidency the free merchants and others, residing up the country.

EXTRACT OF DITTO, DATE THE 20TH FOLLOWING

Agreed and ordered, in consequence of the proceedings of the Select Committee laid before the Board last council day, That public advertisement be made enforcing our orders already given for the return of the English, Portuguese, and Armenian agents, employed in the different parts of the country, to the Presidency; and requiring all whoever most strictly to arrive by the first of August, and their constituents to give them due notice accordingly.

EXTRACT OF FORT WILLIAM SELECT COMMITTEE
PROCEEDING, DATED JUNE 11TH, 1765

Received a letter from the chief and Council at Dacca, dated the 8th instant, setting forth the prejudice that must arise to the affairs of the gentlemen of that factory, should the order for recalling free merchants be immediately enforced.

Agreed, That four months beyond the time limited in those orders, be allowed to their several agents, and that we write them to this effect.

EXTRACT OF DITTO, DATED THE 21ST FOLLOWING

Messrs. Vansittart and Plowman setting forth in a letter to the Committee, the loss that must arise to

Mr. Henry Vansittart, should his agent, Mr. Hargrave, at Rungpoor, be recalled at the time required by the late order of the Committee, and requesting that an indulgence of three or four months longer may be granted.

Agreed, that the secretary acquaint them that Mr. Hargrave will be allowed four months from this date, for collecting Mr. Vansittart's affairs; and that he likewise inform all, who may apply in future that the committee are resolved to see the Company's orders rigidly enforced at the expiration of this period.

Mr. Skinner Sends in a letter on the same subject:—

Ordered, his request be granted, and that the secretary acquaint him of the above-mentioned resolution.

Received a letter from Mr. Scotney at Patna, representing to us the prejudice it would be to his own affairs, as well as those of his constituents, should he be obliged to return to Calcutta in the space of one month. Mr. Scotney's representation being thought disrespectful and improper;—

Ordered, The secretary write him in answer, that such applications, it is expected, should be made in terms more moderate and respectful; but that, influenced by no consideration of the manner in which he chose to ask for an allowance of time, we agree to grant him four months longer from this date, for collecting his affairs; at the expiration of which he is required to repair to Calcutta, without farther notice.

EXTRACT OF FORT WILLIAM SELECT COMMITTEE
PROCEEDINGS, DATED AUGUST 10TH, 1765

On the 26th ultimo, the secretary was directed to write to all the chiefs of the subordinates, enclosing an

advertisement for recalling all free merchants, and other Europeans, by the 21st October next, and also to fix up the said advertisement on the Court house, and other public places in Calcutta.

EXTRACT OF DITTO, DATED OCTOBER 5TH, 1765

Observing that our orders to the chiefs of the subordinates, to send lists to the Committee of all Europeans residing within their several districts who are not in the Company's service have been neglected;—

Resolved, That we now repeat the above orders, requiring them positively not only to send the most accurate lists in their power, but the persons themselves to Calcutta, by the 21st instant, at which time the Company's protection will absolutely cease, and they must stand to all the consequences of being left entirely in the power of the country government.

EXTRACT OF FORT WILLIAM SELECT COMMITTEE

PROCEEDINGS, DATED FEBRUARY 19TH, 1766

Read the following letter from Mahomed Reza Cawn to the Right honourable Lord Clive, President and Governor, &c. gentlemen of the Select Committee.

MY LORD AND GENTLEMEN,

The Zemindars of the Purgunnahs of Radshy, and other districts of the Subah of Bengal complain that the factories of English gentlemen in the Purgunnahs are many and their Gomastahs are in all places, and in every village almost throughout the province of Bengal; that they trade in linen, Chunam, mustard-seed, tobacco, turmeric, oil, rice, hemp, gunnies, wheat, &c. in sort, in all sorts of grain, linen and whatever other commo-

duties are produced in the country. That, in order to purchase these articles, they force their money on the Ryots; and having, by these oppressive means, bought their goods at a low rate, they oblige the inhabitants and shopkeepers to take them at a high price, exceeding what is paid in the market. That they do not pay the customs due to the Sircar, but are guilty of all manner of seditious and injurious acts; for instance, when, at any time the Malguzary is demanded of the Taalookdars, Ryots, &c. subjects of the Sircar, the aforesaid Gomastahs, under pretence of debts due, or accounts to be settled, do not let them go, or suffer the revenue to be taken from them; and upon complaints, and at the instance of lying informers, and base men, they place their Peons over the Ryots, and involve them in a variety of troubles. That by pressing people into their service, and imposing many and diverse commands on the officers of government, the inhabitants, the tradesmen, and others they ruin every body, and reduce the villages and Gunges to a state of desolation.

“It is by these iniquitous practices that the people of the country have been ruined and driven to flight, and that the revenues of the Sircar have been injured. There is nothing of worth left in the country. If justice be not done in this case, how will it be possible, in future, to collect the duties of the government or its revenues?

“All the Zemindars make the same complaint; and what I have hercin written, is only an abridgement of the accounts given at large by them of violence and oppression.

“As it is requisite for the prosperity of the country and the well-being of the inhabitants, also for the obtaining the full revenues and duties, that the poor, &c.

have justice done them, and that disturbances be put an end to; I have, therefore, represented these matter to you, gentlemen of the Committee, that whatever shall appear equitable, you will consider on and put in execution."

It appearing from this representation of facts, supported by a number of corroborating circumstances, that the business of government has suffered great obstruction, and the public revenue been considerably injured, from the privileges assumed and exerted by Gomastahs, employed in different parts of the country by the Company's covenanted servants;—

Agreed, therefore, that we recommend to the Board, to prohibit, under the severest penalties, all Company' servants, whether residing at the presidency, the subordinates, or the Aurungs, from yielding countenance, shelter or protection, to any of their Gomastahs, who shall interfere directly or indirectly with the affairs of government; or, upon any pretence whatever, give impediment or obstruction to the officers of the revenue, in levying the collections of the several district committed to their charge; and that in all matter of dispute or difference, whereby the revenues can possibly be affected, their Gomastahs, or constituents, shall apply to the government for redress and, in case of refusal, to the resident at the Durbar or the chief of the nearest subordinate, who shall apply through the regular channel, the Governor and Council, or the Select Committee.

EXTRACT OF FORT WILLIAM CONSULTATIONS,

DATED JUNE 9TH 1766

Ordered, That notice be affixed at the usual places of advertisement, requiring all persons entitled to Dus-

tucks to send in to the President lists of their Gomastahs in the different parts of the country, distinguishing the place of their residence, the services they are employed on, with the time required for that service, that they may be furnished with Purwannahs accordingly.

EXTRACT OF DITTO, DATE AUGUST 25TH 1766

Letter from the resident at Benares, dated the 12th instant, read, acknowledging the receipt of our letter of the 28th ultimo, enclosing a letter from Mr. Bolts, in answer to our orders regarding him, acquainting us, that as he is not sensible it is in his power to comply with that part of our instructions which requires him to take care Mr. Bolts does not exceed the time prescribed, he shall wait our farther commands before he ventures to take any step in so delicate an affair.

Letter from Mr. Bolts, enclosed in the above letter from Mr. Sage, read, setting forth his reasons for having stayed at Benares beyond the time we limited him to, and requesting us to indulge him with a longer stay to settle his own and the affairs of his constituent which he represents to be extremely intricate—

Agreed, we write in answer to Mr. Sage, that we did not imagine him so little acquainted with the nature of our orders as to be in doubt how far it behoved him to put them into execution; that, notwithstanding what Mr. Bolts alleges in his letter, we are well assured, that, instead of making it his business to settle his affairs at Benares, which was the sole reason for his being permitted to return thither, he entered into new concerns; that he is, therefore, to inform Mr. Bolts, that we are determined our orders shall not be trifled with, and that he is to consider himself as suspended the Company's service, from the 28th of

this month, for not complying with our positive injunctions for his return to Calcutta. However, in consideration of the plausible reasons which he now, for the first time, assigns, he is further to acquaint Mr. Bolts, that, provided he arrives in Calcutta by the 10th of October, his suspension will be taken off; and, if for this purpose, he does not leave Benares by the 1st of October, he is to send him away by force.

EXTRACT OF FORT WILLIAM SELECT COMMITTEE
PROCEEDINGS, DATED SEPTEMBER 10TH, 1766

Daily complaints arriving of violence and insults offered to the servants of the Government, and the agents of private merchants, by the Company's servants residing at the different Aurungs,—

Resolved, that we call down from the Aurungs all Company's servants and other Europeans, as the only means of securing the necessary authority to the government, and protection to individuals; and that we suffer only the servants employed at the factories of Patna, Dacca, Cossimbazar, and Chittagong, with the assistants to the Supervisor of Burdwan and Midnapore to remain up the country.

EXTRACT OF FORT WILLIAM SELECT COMMITTEE
PROCEEDINGS, DATED OCTOBER 31ST, 1766

Having, in our proceedings of the 19th of February, last, Resolved, that no Gomastahs employed by the Company's servants, or other Europeans trading under licences from the Company, should in future interfere directly or indirectly with affairs relating to the Government; and also that such Gomastahs should, in all disputes with the country people, apply for redress

and justice to the chief of the nearest subordinate, to the ministers, to the resident at the Durbar, or to the Council, or Select Committee.

And it being now the intention of this Committee to fulfil, in the most effectual manner, the honourable Company's instructions respecting the inland trade, and to remove all causes of disturbance and oppression committed in the interior country under sanction of the English name :—

Resolved, that in future all Gomastahs, whether employed on account of the Company or individuals, shall strictly refrain from interfering in any matters that may tend to interrupt the collections, or disturb the business of the government.

That they shall scrupulously avoid taking cognizance of any disputes or difference that they may have with the country people, or assuming to themselves any degree of judicial authority.

That in all such points of difference and dispute, whether with respect to trade or otherwise, they shall appeal first to the nearest officer of the government; and, in case of delay or refusal of redress from him, they shall then lay their complaint before Mohamed Reza Cawn, or the resident at the Durbar, or the Council or the Select Committee.

That whoever shall be found deviating from the evident meaning and intent of this Resolution, (copy of which will be sent to Mahomed Reza Cawn, and to the resident at the Durbar) shall immediately forfeit their employment and the Company's protection, and likewise be subject to such further punishment as the Council or Committee may think proper to inflict.

That, to prevent any interruption to trade, Mahomed Reza Cawn be desired to issue orders to all

officers of the government, to yield every possible encouragement to licenced trade, and to the business of those Gomastahs who shall duly confine themselves to the above restrictions.

Also that Mahomed Reza Cawn be desired to direct the officers of the government to call upon all Gomastahs to register their Perwannahs, or licences of trade, and Dustucks, at the head Cutcherree of the Aurung, or district, where they reside; and likewise to order the public officers of each Aurung, or district, to send him a regular monthly return of all Perwannahs or dustucks so registered.

Notice having already been given, pursuant to our resolution of the 19th of February last, that all Gomastahs should apply to the President for Perwannahs, and the allowance of time for that purpose being now deemed fully sufficient,—

Agreed, that Mahomed Reza Cawn be desired to issue orders to the officers of the government, to call upon the Gomastahs in the different parts of the provinces immediately for their Perwannahs; and to send all persons, who cannot produce a proper authority for their trade and residence, without delay to Calcutta.

And, further, to prevent all frauds arising from counterfeit and forged Dustucks,—

Agreed, the custom-master be directed to make a monthly return to the resident at the Durbar, of all Dustucks and Perwannahs entered in his office; the same to be communicated to the ministers, whereby they may be able to detect all imposition and fraud, by comparing the monthly returns from the custom-house with those made from the Aurungs, &c.

EXTRACT OF FORT WILLIAM SELECT COMMITTEE
PROCEEDINGS, DATED FEBRUARY 11TH, 1767

Upon revisal of the proceedings of the 31st October last, relative to the regulation of Gomastahs,—

Agreed, we make the following addition to our former orders, viz. That the resident at the Durbar be directed to recommend to the ministers their obliging all the officers of the several districts to specify, in the returns they make to the government, such Parwannahs now in force, without which it will be difficult to prevent frauds and impositions.

Repeated orders having been issued for recalling to the Presidency all Europeans who are not employed by the honourable Company, or furnished with a licence from the Council or the Governor; and information being now received that diverse vagrants are dispersed over the country in contempt of the above orders,—

Resolved, that we write to the subordinate settlements and the commanding officers of the brigades, to seize, and send down under a guard, all Europeans who are not duly authorised by a written licence from the board or the Governor, to reside out of the Presidency.

G—THE SOCIETY OF TRADE

‘FORT WILLIAM, THE 10TH AUGUST 1765

‘AT A SELECT COMMITTEE PRESENT WILLIAM
BRIGHTWELL SUMNER ESQ. PRESIDENT

HARRY VERELST ESQUIRE

‘In Conformity to the honourable Company’s Orders, contained in their Letter of the 1st of June 1764, the Committee now proceed to take under their consideration the subject of the Inland Trade, in the Articles of Salt, Beetle Nut, and Tobacco, the same having been frequently discoursed of at former Meetings, and Mr. Sumner having lately collected the Opinions of the absent Members at large on every Circumstance; It is now Agreed and Resolved, that the following Plan for conducting this Trade shall be carried into Execution; the Committee esteeming the same the most correspondent to the Company’s Orders, and conducive to the Ends which they in View, when they require that the Trade shall be put upon such a Footing as may appear most equitable for the Benefit of their Servants, least liable to produce Disputes with the Country Government, and wherein their own interest, and that of the Nabob, shall at the same time be properly attended to and considered.

‘First, that the whole Trade shall be carried on by an exclusive Company formed for that purpose, and consisting of all those who may be deemed justly entitled to a share; that a proper Fund shall be raised, by a Loan at interest, for the supply and support of the

same, and that it shall commence in the Month of September ensuing, or as soon after as may be found most convenient.

'Secondly, that the Salt, Beetle Nut, and Tobacco, produced in, or imported into Bengal, shall be purchased by this established Company; and public Advertisement shall be issued, strictly prohibiting all other Persons whatever, who are dependent on our Government, to deal in those Articles.

'Thirdly, That Application shall be made to the Nabob, to issue the like Prohibition to all his officers and Subjects of the Districts, where any Quantity of either of those Articles is manufactured or produced.

'Fourthly, That the Salt shall be purchased by Contract, on the most reasonable Terms, giving the Preference to the Factories of Dacca; Chittagong, Burdwan and Midnapore, for the Produce of their respective Districts; to the Phousdar of Hughley, and the other Zemindars, for the Produce of Ingellee, Tumlook, Mysidole etc; and to such Persons as may offer the most reasonable Proposals, for the Quantity produced in the Calcutta Lands.

'Fifthly, That the Beetle Nut and Tobacco shall, in like Manner, be purchased by Contract, under such Terms and Conditions, as upon proper Enquiry, shall appear to the Managers to be most comfortable to the Interest of the concerned.

'Sixthly, That the Contractors for the Salt shall agree to deliver it at certain fixed Places, at a stipulated Rate per a/o Maunds, comprehending such an Advance upon their Contracts with the Zemindars and Molungees, as may be esteemed an Equivalent to their Risk, Trouble, and bad Debts.

'Seventhly, That as the Advances will be made by the Contractors to the Zemindars, etc., at certain Periods of the Season, in the usual Manner, so shall the Advance from the public Company to the contractors be made in Proportion thereto.

'Eighthly, That the Salt, Beetle Nut, and Tobacco, thus purchased by the public Company, shall be transported to a certain Number of Places for Sale, to be there, and there only, disposed of by their Agents; and that the Country Merchants may then become the Purchasers, and again transport the Articles whither they think they have the greatest Prospect of Profit.

'That by this Means, not only the frequent Oppressions the Inhabitants of the Country have suffered, by Europeans having Permission to traverse to every Place for the sale of those Commodities, will be put a Stop to, but by thus reserving to the Natives and Merchants a competent Share of the Profits, both in the Purchase and Sale, we may hope for the good Effect of removing the general odium that has prevailed, from our seeking to deprive them of every Part of that Trade.

'Ninthly, That as it is apprehended some Difficulty will arise in securing the Produce of the Dacca and Chittagong District, by Reason of the Property of the Lands being scattered in a Number of Hands, all dependent on the Government; it is Agreed, That Application shall be made to the Nabob for Perwannas on the several Zemindars of those District, as well as those of Houghley, Etc. strictly ordering and requiring them to contract for all the Salt that can be made on their Lands with the English alone, and forbidding the Sale to any other Person or Persons whatsoever.

'Tenthly, That the Honourable Company shall either share in this Trade as Proprietors, or receive an

annual Duty upon it, as may appear to be most for their Interest when considered with their other Engagements and Demands at this Presidency.

‘Eleventhly, That the Nabob shall in like Manner be considered, as may be judged most proper, either as a Proprietor, or by an annual Nuzzerana, to be computed upon inspecting a statement of his Duties on Salt in former Years.

‘Twelfthly, That the Manner in which the honourable Company and the Nabob shall be considered being once determined, the Remainder of the Trade shall be divided amongst the Company’s Servants, arranged under certain classes, and each class to share a certain Proportion of the Capital Stock.

‘Thirteenthly, That A Committee of Trade shall be appointed to receive the Management of this Plan, and prosecute the same in all its branches; and that they shall be immediately authorized to take Measures for raising the Fund at Interest, and to receive Proposals and settle the Contracts; and further, that for their Assistance in this Work, a Person shall be appointed in the Quality of their Secretary and Accountant. The foregoing Regulations, the Select Committee judge, will be found a sufficient Ground Work for commencing this Trade, to be improved hereafter as circumstances may occur and direct; and it is therefore Agreed, That They be delivered over to the Committee of Trade, as soon as they are appointed, with Instructions to proceed in raising the Money and making the contracts.

‘The Points contained in the 10th, 11th and 12th Regulations, as their not being adjusted need be no impediment to the Prosecution of the Business, so the Committee esteem them of so much Importance, that the Settlement of them should be delayed until the

absent Members return to Calcutta, and they can be deliberated on at a full Committee: Agreed therefore, That the Committee of Trade be also advised of this Resolution: and that they shall be hereafter informed of the Distribution which may be settled, with any other Regulations which may occur relative thereto, for their Government.

‘Mr. Sumner acquaints the Committee, that, being apprised of the Intention contained in the Third and Ninth Regulations, he desired Mr. Sykes, when he lately went up to Muxadabad, to apply to the Nabob for the necessary Purwannas for authorizing and facilitating this Trade, and that he has accordingly received from that Gentleman, Perwannas to this Purpose, being 106 in Number; the same he now presents to the Committee, together with several papers of Information which he has collected, regarding the Produce of the different Districts, and the Conditions that Salt can be contracted for.

‘Ordered, that they be delivered over to the Committee of Trade for their Guidance.

‘Taking now into Consideration the appointment of this Committee of Trade the Select Committee are of opinion, that it should be composed of Two Members of their Body, and Two Gentlemen of the Council.

‘Agreed therefore, that we recommend to the Council to appoint Two of their Members to be joined with Two of the Committee, to constitute this Board, and receive charge of the Plan; and at the same Time to appoint a proper Person to the office of Secretary and Accountant.

‘Fort William 3 Sept. 1766

‘At a Select Committee

‘Present

The Right Hon'ble Lord Clive, President
Brigadier-General Carnac
Harry Verelst Esqre.

'The Right Honourable the President lays before the Committee the following minute.

Gentlemen,

'Some time before my departure from England the Court of Directors debated upon the propriety of suffering the servants in Bengal to trade in the articles of salt, beetle (nut) and tobacco and it could not be expected they would continue to them the Enjoyment of those profitable branches unless means were devised by which the Natives would no longer be oppressed and by which the Nabob and the company would largely partake of the advantages. Upon a firm persuasion that such means would be devised they were pleased to defer their final determination of this matter till the sentiments of the Select Committee should be transmitted to them. By all their letters of last year and by several of this they still seemed inclined to wait for our representations—but by their letters of the 19th of February last per Lord Camden they positively forbid their servants having any concern whatsoever in this trade. At that time indeed they could not have had the least idea of the favourable change in the affairs of these provinces whereby the interest of the Nabob with regard to salt is no longer immediately concerned.

'When we first took this important matter into consideration I joined in opinion with the rest of the Committee, that if the trade could be put upon such a footing that the Nabob should receive more than had been received by any of his predecessors, the Company be amply considered and the natives become purchasers upon terms full as reasonable as in former times, the

servants might be indulged in the privilege under certain rules and restrictions as would make the trade carry with it as little as possible the odious form of a monopoly. These points having been settled I consented to the plan laid down last year. By absence from the presidency and the multiplicity of affairs then in agitation wherein the peace and tranquillity of the provinces—the interest of the Company and the honour of the nation were more immediately concerned prevented my paying that attention I could have wished to this important object.

‘Although by the acquisition of the Dewannee the duties belong to the Company and by the diligence and Zeal of the members of the Committee of trade many useful reformatations had taken place yet from my observations when I was last up the country and from the heavy complaints against Europeans of the monopoly of trade in general—I find that the industrious native is still deprived of that share to which he has an undoubted and a more natural right; nor is it yet upon that equitable footing which justice and humanity would—I am sure—incline this committee to Establish.

‘A few weeks more must bring us the final resolution of the Court of Directors in answer to our dispatch by the Admiral Stevens and if notwithstanding the present situation of their affairs they should think proper to repeat their order per Lord Camden it will be our duty to obey them and I am persuaded they will be obeyed by this Committee. But if on the contrary upon receipt of our representation they should change their sentiments and approve of the regulations we have already made no time should be lost on our part in Establishing the mode for carrying on the trade in future. The confidence which the Court of Directors have been

pleased particularly to express in my Endeavour to settle upon a Equitable plan that trade which has been the source of as many evils cannot but promote my zeal for the cause and make me anxiously wish to see every regulation that you may join with me in thinking necessary, take place.

'The Company's duties I beg leave to propose shall be increased, the servants still receive a reasonable share of Emolument and the terms upon which the natives are finally to be concerned advantageously fixed
.....I propse

Firstly

'That all salt provided by the Society of Trade shall be sold at Calcutta and at the other places where it is made and nowhere Else.

Secondly

'That the price of salt shall not exceed two rupees per maund or two hundred rupees per one hundred maund.

Thirdly

'That the salt shall be sold to the natives only who are to transport it to every part of Bengal—Bahar & Orissa and to have the whole profit arising from the sale thereof and that no Company's servant, Free merchant or European shall be concernd in that article directly or indirectly after the sale of it at the above places.

Fourthly

'That the Calcutta Black merchants shall be limited to a certain proportion of purchase but that no Banian or Servant whatever belonging to any European shall be included or have any concern therein.

Fifthly

‘That every endeavour be made use of to encourage the substantial merchants of the Country either to come down in person to the place where the salt is provided or to send their agents to purchase and transport the salt to the different places of sale.

Sixthly

‘That a certain price be fixed for the sale of every maund of salt at every town, market or village whence it is sold according to distance & former custom.

Seventhly

‘That if salt be sold at any of the Bazars or markets for one Cowrie above the stipulated price—the vendor shall not only forfeit all the salt then found in his possession but be liable to a forfeit of one thousand rupees for every one hundred maunds of salt so sold, and the salt and money so forfeited shall go—one half to the informer and one half to the government.

Eighthly

‘That the ministers at Muxadabad and Patna have copies sent them of these new regulations and that they be desired to apply to the Nabob to make the same known throughout the three provinces and that Eevery Phousdar etc. see that they be put in Execution upon pain of being dismissed from his Employment.

Ninthly

‘This business being entirely commercial I propose that in the instalment of agreement for next year it shall be provided that the Society of Trade be answerable to the Board for their conduct. That the Board may

either make new regulations or amend those made by the Society of trade as they see fit and that in case of necessity the Select Committee shall have power to control the conduct of the whole.

Tenthly

‘That a duty of fifty per cent be paid to the Company upon all the salt provided in their own lands and fifty percent upon all the salt provided in the lands of the Government, and fifteen per cent upon Beetle which duties in fact will be brought to the Company’s credit, which according to the present state of the salt trade will produce to the Company from twelve to thirteen lacs of rupees per annum.

‘The prohibition of a free inland trade however disagreeable to individuals must now take place and be confirmed to imports and exports and to their immediate returns which returns shall be made only to the presidency or to one other of the Established factories. The Company are sovereigns in India and they have declared that the trade carried on for these four years past is an usurpation not only of their prerogative but of the privileges of the natives and repugnant to the express and repeated orders of the Court of Directors. The indulgence however in the trade of salt—upon the footing it will—I hope—now be established—should in my opinion obviate all complaints since it seems to the most Equitable modus between the Company and their servants and at the same time a distribution of natural right to the people of the Country. Considering the late great advantages of unlimited inland trade are cut off—I cannot imagine that the Court of Directors will deny their servants this share of benefit as a recompence for their attention and assistance in the management of

the important concerns of these provinces. On the other hand I would have the servants look upon these Emoluments as a gift from the hand of their Employers—offered them annually in reward of their fidelity and which will certainly be withheld from them if even their authority should be resisted and discontent and rapacity take place of gratitude and moderation.

(signed) Clive

'His Lordship's minute having been read & maturely considered the regulations there specified are unanimously approved.

'Agreed therefore that the president's regulations for the inland Trade be laid before the Council with all Convenient dispatch for their approbation in order that the necessary instructions for prosecuting the joint concern for the ensuing season may be immediately issued to the Committee of Trade.

'Resolved that the above concern shall consist of sixty shares and that the proprietors shall stand Enrolled with the several proportions affixed to their names in the manner ascertained in the following statement.

AT A SELECT COMMITTEE, THE 18TH SEPTEMBER 1765

PRESENT :

THE RIGHT HONOURABLE LORD CLIVE, PRESIDENT,
WM. B. SUMNER, ESQUIRE, BRIGADIER-GENERAL
CARNAC, HARRY VERELST, ESQUIRE, FRANCIS
SYKES, ESQUIRE

Resuming the Consideration of the Plan for carrying on the Inland Trade, in order to determine with respect to the Company and the Classes of Proprietors, the Committee are unanimously of opinion, that what-

ever Surplus Monies the Company may find themselves possessed of, after discharging their several Demands at this Presidency, the same will be employed more to their Benefit and Advantage in supplying largely that valuable Branch of their Commerce, the China Trade, and in assisting the Wants of their other Settlements; and that it will be more for their Interest to be considered as Superiors of this Trade, and receive a handsome Duty upon it, than to be engaged as Proprietors in the stock. Bestowing therefore all due Attention to the Circumstance of the Company's being at the same Time the Head and Masters of our Service, and now come into the Place of the Country Government by His Majesty's Royal Grant of the Duance, it is agreed, that the Inland Trade in the above Articles shall be subject to a Duty to the Company after the following Rate, which are calculated according to the best Judgement we can form, the Value of the Trade in General, and the Advantage which may be expected to accrue from it to the Proprietors.

On salt, 35 per cent valuing the 100 Maunds at the rate of 90 Rupees, and in Consideration hereof the Present Collaree Duty to be abolished:

On Beetle Nut, 10 per Cent. on the Prime Cost.

On Tobacco, 25 per Cent on Ditto.

By this Calculation we hope may be produced a clear Revenue to the Company of at least 1000,000l. Sterling per annum; and should it appear, upon further Experience of the Trade, that the Profits will admit of an Increase in these Rates of Duties, we hereby resolve that a fair and impartial Representation of the same shall be made to our honourable Masters, in order to receive their Directions as it is our fixed Determination to render them all possible Satisfaction in this point.

With respect to the Proprietors, it is agreed and resolved, that they shall be arranged into Three Classes; that each Class shall be entitled to so many Shares in the Stock, and that a certain Capital Stock shall be agreed upon, in order to ascertain the Value of each Share.

According to this Scheme, it is agreed, that Class First shall consist of the Governor, Five Shares—the Second, Three Shares—the General, Three Shares—Ten Gentlemen of Council, each Two Share; Twenty Shares—Two Colonels each Two Shares; Four Shares—In all Thirty-five Shares for the First Class.

That Class Second shall consist of one Chaplain, Fourteen Junior Merchants, and Three Lieutenant-Colonels; in all Eighteen Persons, who shall each be entitled to One Third of a Counsellor's Proportion, or Two Thirds of One Share; and which makes in all Twelve Shares for the Second Class. We mean always to include in this Number such Junior Merchants as the Company have thought proper to fix in the Service; who, as well as the Factors in the next Class that may be restrained from rising as Covenant Servants, shall however be entitled to their full Share of the Advantages of this Trade.

That Class Third shall consist of Thirteen Factors, Four Majors, Four First Surgeons at the Presidency, Two First Surgeons at the Army, One Secretary to the Council, One Sub-Accountant, One Persian Translator, and One Sub Export Warehouse-keeper; in all Twenty-seven Persons, who shall each be entitled to One Sixth of a Counsellors Proportion, or One Third of One Share; and Which makes in all Eight Shares for the Third Class.

It is necessary however to be observed, that by

this Arrangement it is intended, and it is accordingly hereby.

Ordered, That Twelve Shares in this Trade shall be allotted to Eighteen Persons, composed of the First, Senior and Junior Merchants, Lieutenant-Colonels, and Chaplain or Chaplains; all exceeding that Number of those Ranks must stand excluded, until they can be included in it; and Chaplains, be they more or less, to be reckoned only as One Senior or Junior Merchant.

That Eight Shares in this Trade shall, in like Manner, always be allotted to Twenty four Persons, composed of the Senior Factors, Majors, Surgeons, and the three Officers above specified; all exceeding that Number of those Ranks are not to share till they can be included in it.

The Committee have thus settled the Arrangement of the Classes and the Shares in the Stock; but they leave to the Committee of Trade to ascertain the Amount of the Capital as they must be the most competent Judges of what Fund will be required.

That the Trade may meet with no Interruption, and for the better regulating the same, the Committee of Trade may, from Time to Time, form Bye-Laws, which having been communicated, approved, and signed by the Body of Proprietors, they (the Committee) shall be empowered to enforce and carry into Execution.

That the Books of the Society shall be opened the 1st of every September, and closed the 31st of the following August; that for the present Year all Persons who shall from this Time be deemed Proprietors, and whose Names shall be enrolled by the Committee of Trade, agreeable to this Scheme of Distribution, shall be entitled to their Proportion of Profits arising on the

Trade during the Course of the Year, whether Absence or Death should ensure; and so in all future Years, after the name of the Persons who may compose the Classes shall have been regularly enrolled.

Resolved, That no Persons shall share in a double Capacity, and receive a Benefit at the same Time from his Rank in the Service; and also from such Employment as he may happen to enjoy.

Ordered, that a Copy of these Proceedings be prepared and laid before the Council, that they may Transmit the same, with their Directions, to the Committee of Trade.

EXTRACT OF LETTERS FROM LORD CLIVE, THE SELECT
COMMITTEE AND THE GOVERNOR AND COUNCIL AT
BENGAL, DATED THE 30TH SEPTEMBER 1765,
CONCERNING REGULATIONS FOR CARRYING
ON SALT TRADE

Extract of a letter from the Right Honourable Lord Clive President and Governor at Bengal, to the Court of Directors, dated the 30th of September 1765.

16. The Regulation of the Nabob's Ministry, the Acquisition of the Dewannee, and the honourable Terms on which we have concluded a Peace with the Vizier of the Empire, have placed the Dignity and Advantages of the English East India Company, on a Basis more firm than our most sanguine Wishes could, a few Months ago, have suggested. These however, alone, will not ensure your Stability. These are but the Outworks which guard you from your natural Enemies, the Natives of the Country: All is not safe: Danger still subsists from more formidable Enemies within, Luxury, Corruption, Avarice, Rapacity: These

have Possession of your principal Posts, and are ready to betray your Citadel. These, therefore, must be extirpated, or they will infallibly destroy us; for we cannot expect the same Causes which have ruined the greatest Kingdoms, should have different Effects on such a State as ours. That sudden Growth of Riches from Whence those Evils principally arise demands our most serious Attention. The Affairs of Bengal, however glorious and flourishing the Prospect may now be, can not be successfully managed by Men whose Views extend not beyond a Year or two, and who will set all Orders from the Court of Directors at Defiance, well knowing they must have acquired an affluent Fortune, or at least a comfortable Independency, before Resentment can reach them. A competency ought to be allowed to all your Servants from the Time of their arrival in India, and Advantages should gradually increase to each, in proportion to his Station; but I would have few of them entertain Hopes of returning to their native Country. till they shall have attained the Rank of Councillor; then the Prospect should open to them, and they should be certain of being enabled to return in a few Years with independant Fortunes. This Certainly would arise from the Freight Ships, from the Privileges of Trade (the Advantages of which you are not unacquainted with) and also from the Profits upon Salt, Beetle, and Tobacco, agreeable to the new Regulation which we have made, in order to rectify the Abuses that have been so long committed in those Branches of Trade, to the great Detriment of the Country Government without View of Benefit to the Company

17. The Regulation now established for the Salt Trade will, I hope, be entirely to your Satisfaction. I

at first intended to propose, that the Company and their Servants, should be jointly and equally concerned in this Trade itself; but upon better Consideration, I judged that Plan to be rather unbecoming the Dignity of the Company, and concluded it would be better that they should give the Trade entirely to their Servants, and fix a Duty upon it for themselves, equivalent to half the Profits. This Duty we have computed at the Rate of 35 Per Cent. for the present; but I imagine it will be able next Year to bear an Increase. The Articles of Beetle and Tobacco being of less Consequence, and yielding much less Advantage, the Duties upon them of course must be less. For further Particulars of these Regulation, I beg leave to refer you to the Committee's Letter and Proceedings, as I would not here trouble you with the Repetition of a Matter which is there so fully laid before you.

18. The Advantages proposed for the Governor and Council, would undoubtedly appear extremely large, to those who are unacquainted with the Riches of Bengal, and the numberless Opportunities which the Company's Servants have to acquiring Money. But you, who are now perfectly informed of the Revenues of these Kingdoms, and the prodigious Emoluments within the Reach of Gentlemen high in the Service, will, I am persuaded, agree with me, that if some Plan, of the Nature proposed, be got adopted, the Governor and Council will not fail to acquire much larger Fortunes, by other means in a much shorter Time, which must always be productive of that quick Succession, not only so detrimental to your commercial Interest, but so totally incompatible with the Acquisition of political Knowledge, which ought now to be considered as a very material Qualification in all your Civil as well as Mili-

tary Servants. To obviate an Objection which may arise, that they may possibly proceed in the Old way of procuring Money, notwithstanding they accept these Allowances, I would have an Oath tendered to them of a strong and solemn Nature as can be penned I have drawn out the Form of one agreeable to my Idea of the Expedient, and have the Honour to enclose it for your Consideration. To this may be annexed, a Penalty Bond of £150,000 to be executed by the Governor, and of £50,000 to be executed by each of the Council. Thus the Conscience of some will be awakened by the legal Consequences of Perjury, and pecuniary Punishment will be a sure Guard over the Honesty of other. Could the Hearts of Men be known by their general Character in Society, or could their Conduct, in a State of Temptation, be ascertained from their moderate Attention to Wealth, whilst the sudden Acquisition of it was impossible, the Proposal I make would be an Affront to Religion and to Morality; but since that is not the Case in any Part of the World, and least of all so in the East, we must, for own Security, impose such Restraints, as shall make it impossible even for Hypocrisy to introduce Corruption.

19. The Committee's Letter will specify the Proportion of Emoluments proposed for the Field Officers, from the new acquired Advantages upon Salt. The same Objection may perhaps be made to this, which I suppose was likely to occur, with respect to the Plan for the Benefit of the Council Servants; If so, I beg leave to refer you to my Proposal and Remarks upon that Subject, which are equally proper and applicable to this.

EXTRACT OF A LETTER FROM THE SELECT COMMITTEE
AT BENGAL, TO THE COURT OF DIRECTORS, DATED
30TH SEPTEMBER 1765

32. By consulting our Proceedings of the 10th August, and 18th September, you will be able to judge of the Progress we have made in carrying your orders into Execution relative to the Trade in Salt, Beetle Nut, Tobacco. This Subject we considered with all the Attention possible, and Regard to your Interest and the Good of the Service. We found that to remove the Inconveniencies of a free Trade, prevent the Oppressions daily committed save this valuable Article of Commerce from Ruin, and diffuse the Benefits resulting indiscriminately among all your Servants entitled to Dustucks, it was necessary to vest the whole in an exclusive Company, composed of the Three First Classes of your covenanted Servants, the Field Officers, Chaplains, and Head Surgeons. In admitting the Field Officers, and stating the Proportions allotted to each Class, we had particular Regard to the present Situation of your Council, and Field Officers, who are now excluded many Emoluments they before enjoyed. It is our Opinion that Gentlemen who have risen to their Stations with Credit and Reputation as certainly entitled to something more than a Subsistence. They even have a Right to expect such Advantages in your Service, as may enable them to return in a few Years, with Independence, to their native Country. With respect to the Company, we are unanimously of Opinion, it is more for their Interest to be considered as Superiors than Proprietors; and as the Royal Grant of the Dewanny renders the 11th Article unnecessary, we are thereby enabled to subject the Trade to a Duty which will produce a clear annual Revenue of 120,000 Pounds Sterl-

ing. Whatever Surplus of their Revenues, the Company may find themselves possessed of, after discharging all the Demands on this Presidency, we imagine, may be employed much more to their Benefit, in supporting and extending the China Trade, and assisting the Wants of the other Presidencies. However, should it either appear that we have mistaken the Company's real Interest, or that the Profits of the Trade will admit of increased Duties, it is our Resolution to give all possible Satisfaction on these Points to our honourable Masters, and to lay before you a fair, full, and candid Representation of the Amount of the Costs, Charges and Sales of the first year.

40. The Select Committee having taken under Consideration your Orders, touching the Inland Trade in the Articles of Salt, Beetle Nut and Tobacco, they communicated to the Board, in their next Proceedings, a Set of Regulations formed thereupon, as the Ground Work of a Plan for carrying it on in future; we beg leave to refer you to the Proceedings themselves for your particular Information of this Plan; and have here to inform you, that Messrs. Sumner, Verelst, Leycester and Grey, were, in consequence, constituted the Committee for receiving Charge thereof, and managing it on Behalf of the Body of Proprietors, with Authority to correspond with the subordinate Factories, and to pursue all such Measures as might conformably thereto appear to them eligible and proper; and that the necessary Advice and Orders were given accordingly to the Subordinates, and Publication made, prohibiting all Persons, dependent on the Company's Government, from entering into any new Engagements in those Articles, unless as Contractors with the Committee for the Purchase or Sale of them: We have also to note to you

that Messrs. Leycester and Grey dissented to the Authority the Select Committee had taken upon themselves on this Occasion, esteeming it in no wise delegated to them by the Terms and Intention of their Appointment; and that the Subject should have been considered and determined on in Council.

41. The Committee of Trade having entered upon the Prosecution of the Plan, we have received from them a Representation for having the Society secured against any Innovations in the Course of their present engagements; and soliciting from us such a Deed as we might think sufficient to insure to them the exclusive Right to the Trade, till those Engagements are concluded; the same to be renewed every Season, so long as it shall be agreeable to you that this Plan should subsist: We could not but agree with them entirely in the Propriety of this Measure, and have given Directions for drawing accordingly such a Writing as may be thought sufficient to secure to the present Proprietors the Right in question; and we now request your Permission to renew the same for the future Concerns, if the Plan meets with your Approbation.

60. The Select Committee have laid before us a Copy of their Proceedings, containing their Conclusion of their Plan for carrying on the Inland Trade, with respect to the Company, and the Classes of Proprietors; and the same has been delivered over to the Committee for managing the Trade, with instructions to proceed conformably thereto.

VERELST'S VIEWS ON THE SOCIETY OF TRADE

"The internal commerce of Bengal is now become so important to the interests of Great Britain, that I

could wish to treat of this subject at large, but the misrepresentations which have been industriously propagated compel me to make the society established in 1765, for conducting the trade in salt, beetle-nut and tobacco, the principal object of my present investigation.

Phirmaunds from the emperor had long been possessed by the English East India company, exempting from the payment of duties "whatever goods and merchandize their agents may bring or carry, by land or by water, in the ports, quarters, and borders of the provinces". This privilege, while the English were wholly subordinate to the country government in Bengal, was confined to exports and imports, and under this limitation, enjoyed rather from connivance than of right, by the private traders in the company's service.

When Meer Jaffier was raised to the musnud by our arms, the trade of the servants increased with the authority of the company, and they now engaged at first sparingly, in the inland traffic of salt. Some even claimed an exemption from duties; but as these pretensions were discountenanced by colonel Clive during his government, such claims were at that time relinquished.

By the treaty with Meer Cossim, the company obtained a cession of lands, yielding about 600,000 per annum. Their troops had continually increased, until the power of the company gave effect to private usurpations. The inland trade in salt, beetle-nut, and tobacco was universally carried on by gentlemen in the service, without payment of duties; and knowing the Nabob to be preparing the means of resistance, they treated every complaint of his officers as a fresh indication of enmity to the English. Thus the fears of public policy, conspiring with private interest soon produced a reapture, which, after risking our existence upon the

fate of a battle, ended in the overthrow of Cossim and final establishment of the English power.

Before this last event took place, intelligence was received at home of the confusion in which Bengal was involved, of the defeat at Patna of a detachment amounting nearly to one third of our army, and of the cruel massacre of many English gentlemen. The reputation acquired by Lord Clive in India directed all eyes to him; and he was called, by the concurrent voice of the nation and proprietors, to undertake once more the labour of restoring order to our affairs.

The cause of these events naturally became the subject of deliberation. It appeared, that an exemption from duties had thrown the whole trade of the country into the hands of the English. This, however, was the least evil. The country government was destroyed by the violence of their agents; and individual tyranny succeeded to national arrangement. In the general confusion, all, who were disposed to plunder, assumed the authority of our name, usurped the feasts of justice and carried on what they called a trade, by violence and oppression. The Nabob's officers either fled before them, or, joining the invader, divided the spoil. The barrier of the country government once broken down, it became impossible to stop the inundation. Mohomedan Portuguese, and Armenian alike, nay, every illiterate mariner who could escape from a ship, erected our flag, and acted as lord of the district around him.

Upon Lord Clive's acceptance of the presidency and command of the forces in Bengal, he wrote the letter mentioned by Mr. Bolts to the court of directors, recommending an entire abolition of the inland trade in salt, beetle-nut, and tobacco, which, in his opinion "Concurred", with other causes mentioned in the

letter, "to hasten and bring on the late troubles". He adds that "as a means to alleviate, in some measure, the dissatisfaction which such restrictions on the commercial advantages of your servants may occasion in them, it is my full intention not to engage in any trade myself".

The intended restrictions did not take effect; for many active proprietors, when the affair was considered in general court, strongly urged the continuance of this indulgence, under some limitations, to the servants who would otherwise be deprived of a decent subsistence abroad; much less could they ever hope to revisit their native country with such independent fortunes as reason and justice equally authorised them to expect. These sentiments being generally embraced, it was proposed, that the directors should give instructions to the president and council to settle such regulations, "as shall prove most advantageous to the company," which regulations were to be transmitted home for the court of directors to determine on so important a subject.

This motion, made on the 18th of May did not coincide with the sense of the majority, who very justly thought that the state of Bengal rendered it highly improper to interpose a delay of near two years, but that some regulations ought to be immediately adopted. The above mentioned motion was therefore withdrawn, and it was **RESOLVED**, "That it be recommended to the court of Directors to reconsider the order sent to Bengal, relative to the trade of the **COMPANY'S SERVANTS** in salt, beetle-nut, and tobacco; and that they do give such directions for regulating the same, agreeably to the interest of the company and the subah, as to them may appear most prudent, either by settling here at home the **RESTRICTIONS** under which this trade ought to be carried on, or by referring it to the

governor and council of Fort William to regulate this important point in such a manner as may prevent all future disputes between the subah and the company".

In pursuance of this recommendation from their constituents, the directors finding it impossible to settle an equitable plan "destitute of the informations and lights necessary in so important an affair", expressly order the governor and council, after "consulting the Nabob, to form a proper and equitable plan for carrying on the inland trade."

Notwithstanding this express and positive injunction, it has been asserted that the salt society was formed in opposition to orders received from home. The mistake seems to have arisen from too hasty a perusal of the general letter to Bengal, dated the 26th of April 1765. This letter, written in answer to one from governor Vansittart and the council, dated the 27th of September, 1764, condemns the treaty stipulating a trade in salt, beetle-nut, and tobacco, on payment of small duty; and refers throughout to the consultations previous to that period, when Lord Clive was expected to arrive in India. The separate letter to governor Spencer, dated the 24th of December, 1765, is yet more explicit, reciting part of a minute by Mr. Johnstone, which the directors severely condemn, and then add "We shall say nothing further at present on the inland trade, till that important subject shall be taken up by Lord Clive and the gentlemen of the select committee, only to observe that the regulation proposed in consultations of the 17th of October 1764, is a manifest disobedience of our orders of the 8th of February, then under deliberation, which positively forbid all trade in salt, beetle-nut, and tobacco."

Mr. Bolts adopts this misrepresentation of the orders. Immediately after he has laboured to irritate the reader against the salt-Society established by the committee, he says, "The court of East India directors repeatedly, and in the strongest terms, forbid this monopoly in salt, beetle-nut, and tobacco; particularly in their general letter per lord Camden, dated the 19th of February, 1766, wherein they positively directed their governor and council to make a formal renunciation, by some solemn act to be entered on their records, of all right to trade in those articles; directing their president to transmit such renunciation in form to the Nabob in the Persian language, with adding these express words: "Whatever government may be established, or whatever unforeseen occurrences may arise, it is our resolution to prohibit, and we do absolutely forbid this trade in salt, beetle-nut, and tobacco."

When the letter of the 19th February, 1766, was written, the court of directors had not received the plan which the select committee had framed, in pursuance of the resolution taken by the court of proprietors. This letter therefore must be regarded as a continuation of the before-mentioned prohibition to trade, till that important affair had been taken up by Lord Clive and the Select Committee. The reader will recollect that the trade to which these orders refer had been claimed by the servants, duty free, under the phirmaun from the emperor; had been made an article in the treaty upon Meer Jaffier's restoration; which article, although condemned by the directors, was transcribed into the treaty with his son Nudjum-al-Dowlah, by governor Spencer and his council. To this disobedience of orders the animadversions of the court apply, and throughout the letter of the 19th February they every

where speak of the claim under the phirmaun and this treaty. They then direct the renunciation mentioned by Mr. Bolts "of all right, under the said treaty, or otherwise, to trade in salt, beetle-nut, and tobacco," "according to the spirit of the phirmaun". "And that you transmit THIS RENUNCIATION of that part of the treaty in form to the Nabob."

Another extract is given by Mr. Bolts, to prove that the orders were uniform to this point. He has candidly suppressed the date, wishing probably the reader to imagine this likewise had been received before the society was established for the second year. This is an extract from a letter, in which the court of directors declare they cannot consent to carrying on that trade in any manner whatsoever. This letter was received in December 1766, and in obedience to this order the plan was abolished. But the directors here add, that they do not condemn the conduct of the Select Committee.

Admitting for a moment that the directors had authority to annul the orders of a general court, without attempting the execution, it will be impossible to believe such could be their intention, when they had given particular instruction for fulfilling the expectation of the proprietors; when the letter of the 19th of February was written to a different governor and council, being throughout a comment on their conduct; and when prior letters, containing the like general disapprobation of the trade, expressly excepted the plan to be framed by Lord Clive and the Select Committee.

A wonderful discovery is now made of a deed, an unheard-of engagement among the company's servants, to support each other in a predetermined disobedience of orders. If those who so readily adopt this opinion

had consulted the company's records for information, and not to serve a present purpose, they would probably have ready the whole relative to the subject, and might in such case have found every particular entered at large among the proceedings of the council, 16th of September, 1765, and transmitted to the directors in the general letter.

The plan being formed, and shares of the Society distributed among the company's servants, according to their respective rank, the conduct of this trade was entrusted to a committee, chosen for that purpose, who proceeded to make many contracts for salt. But it was soon found impossible, without the concurrence of the council, "to establish the credit of the society so as to raise the necessary fund for carrying on the trade." The committee of trade therefore request a deed in writing to secure to them this trade during the year, ending 31st of August, 1766.

Had the directors thought fit to send retrospective orders for the abolition of this society, erected with the previous assent of themselves and their constituents, such orders could not arrive in Bengal before the year was expired. The council therefore unanimously resolved to indemnify the committee of trade, in an engagement undertaken upon the faith of the company; and as the Admiral Stevens was not yet dispatched, "It is agreed to apply to the company for permission to renew the same for the future concerns, if the plan meets with their approbation." By this deed the committee of trade became personally responsible for the company, the council on the other hand engaging to continue the society during one year. So little idea of guilt was entertained, that none of the gentlemen concerned have ever kept a copy; but the original deed usually sold.

From these markets it was carried by the natives; so that the consumer, must purchase his salt for less than had been ordinarily given. A duty, amounting to one hundred and twenty thousand pounds, was established for the company, which was increased the following year to one hundred and sixty thousand pounds.

Salt is made at a certain season of the year; and persons who advance their money to the manufacturer, contracted to furnish the society. As the committee of trade, by the famous deed, became responsible for the duties, it may appear reasonable to all but Mr. Bolts, that they should possess the means of performing their obligation. For this purpose it was necessary that the trade should continue during one whole year; and that permission should be given to dispose of their stock in hand, in case the directors abolished the society at the expiration of that period.

A difficulty will here occur to the mind of the reader. How could the salt be sold at the usual price, when the company and proprietors received such a profit? A duty had been always collected upon this article at several chokeys, or custom-houses. The extortions and vexatious delays of the Nabob's officers at each pass, were so burthensome to the trade, that although the Subahdar received less than what was now paid to the company, yet the merchant suffered to a much greater amount. These duties were before collected at many places higher up the river than Calcutta; but as Calcutta now contains a greater number of people than Muxadavad in its most flourishing state, no reason could be urged for exemption the inhabitants from a burthen common to all the province. This exemption moreover would have been scarcely practicable, as the whole duty upon salt to the Company

was paid by the Committee of trade, who became responsible in consequence of the deed above mentioned. Mr. Bolts, fully aware of this difference, estimates his prices, comparing them with former years, in the market of Calcutta. That the price of salt was not enhanced at other places, will appear by the testimony of many gentlemen now in England.

Supposing, for the sake of argument, that the price of salt was enhanced throughout the country; this would only prove, that men who traded without payment of duties, could sell cheaper than those who conformed to the orders of their masters. But as the price was really lower, we may hence judge of the exorbitant profit made by the English trader, who paid no duty, and punished the officers of government if they presumed to interfere. Mr. Bolts very truly asserts, that several inferior servants would have preferred their former trade to a share in the society; yet the reader, perhaps, may not think, with Mr. Bolts, that private interest is the test of public regulations. Mr. Keir himself, who was so great a trader in salt, that he employed, in one season, thirteen thousand people in the manufacture, says, "That the Society for the trade in salt, beetle-nut, and tobacco, instituted by Lord Clive and the Select Committee, was so far from being detrimental to the country, that those articles were not only not sold dearer, but indeed at a lower rate, during the monopoly, at most places at least, than, at a medium, had been done for many years before, while there was a fixed price upon them, which no doubt, would have been of advantage to the people, had it been continued, particularly with regard to salt." This consession will have the greater weight from Mr. Kier, as the establish-

ment of the society in question, put an entire stop to his trading in that article."

When the first plan was framed, Lord Clive was engaged in negotiations at a great distance from Calcutta. He did not, however, hesitate to give his assent to the establishment of a society which promised so well to answer the expectations of the company. The experience of a few months suggested several amendments, and Lord Clive, in a minute, dated 3rd September, 1766, says, "I find that the industrious native is still deprived of that share to which he has an undoubted and a more natural right nor is it yet upon that equitable footing which justice and humanity would, I am sure, incline this committee to establish." He therefore proposes that the salt shall be sold at Calcutta, and the places where made, to the black merchants, who shall have the sole right of vending it throughout the country. To prevent the rich from engrossing, the Calcutta black merchants were not to purchase more than a certain proportion. As the price of salt was fixed at two hundred rupees per hundred maunds, and all taxes, delays, and difficulties, were removed, by collecting the duty from the society, the committee were enabled to ascertain the price at the several markets, which would effectually secure the consumer from every imposition.

Those who borrow their notions of commerce from countries where it is highly cultivated, under the protection of a perfect police, may condemn this last attempt: but to the minds of such readers, I wish to recall those scenes of violence which had long distracted Bengal; and at the same time beg leave to suggest, that encouragement of industry in the production, by an enhanced price from a scarcity, was altogether unneces-

sary in an article which might easily be increased to any quantity, which the society were always ready to sell for a certain sum; and when consequently salt would be purchased by the merchants as long as the commodity would pay the expence of conveyance to the several markets.

The violence with which the inland trade of individuals had been supported during Meer Cossim's government, the bloodshed and confusion which followed, together with the perseverance of governor Spencer and his council, to support their construction of the phirmaund, or what was equivalent thereto, an exemption from all other duties except two and a half percent upon salt, had irritated the directors, and raised so strong a prejudice against the trade, that the court resolved to abolish even the plan established by the Select Committee. This they did in their letter dated the 17th May 1766, not sufficiently considering, that orders of distant masters were but a feeble barrier against the united interest of every man in the settlement. They afterwards distributed among the servants a commission of two and a half per cent on the revenues, amounting to 63,000 per annum; but when the general restraint of inland trade was no longer supported by the private interest and authority of the council Europeans largely engaged under the names of their black agents, and the profits of this commerce were added to the public allowance.

The committee, better informed, foresaw the mischiefs which might probably ensure throughout the country, and the general relaxation of government, which must necessarily follow, should the council secretly engage in a trade prohibited by their employers. The letter from the directors, above-mentioned, reach-

ed Calcutta in December 1766, at a time Lord Clive was confined by a very severe illness, which had nearly deprived him of life. As soon as his lordship could attend to business, the committee assembled, and on the 16th of January 1767, RESOLVED, "That the Society of Trade shall be abolished, and the inland trade totally relinquished on the first day of September next; but that we fully express our sentiments in our next advices to the company, respecting the advantages which would result to the service and to the country from the continuance of this trade under the present restriction." In consequence of this resolution the society was actually abolished on the 1st day of September, 1767, nor did they engage in any new concern. But as the committee were personally liable for large duties to the company, certain ruin must have ensued had no time been allowed for the disposal of their stock in hand. One year was therefore given for that purpose.

On the 24th of January, 1767, the committee wrote as follows to the court of directors.

"We now come to speak of your instructions relative to the inland trade, which you very justly consider as the foundation of all the bloodshed, massacres, and confusion which have happened of late years in Bengal. Your orders are positive, and therefore our obedience shall be implicit. Accordingly you will observe in our proceedings, that the society for conducting this branch of traffic stands absolutely abolished on the first day of September next. The contracts for the present year being formed, and large advances made, it was impossible, without ruin to individuals, and confusion to the public, to fix an earlier date for the execution of your orders.

But although our duty obliges us to pay the strictest obedience to your peremptory orders for abolishing a trade, to which you express so strong an aversion the same duty requires we should freely offer our sentiments upon a subject, in which we think your immediate interest, the good of the service, and the public welfare are deeply concerned. The honourable court of directors, and, indeed, the whole body of proprietors, found it necessary to restrain by covenants their civil and military servants from receiving those advantages to which they had for many years been accustomed. It is likewise proposed, that you may enjoy the real fruits of your late acquisitions, to make such an increase of investments, particularly in silk, as will effectually deprive your servants of the usual benefits arising from private trade. Further, that the revenues may not be injured in any degree, they are prohibited from lending money at a higher rate of interest than twelve per cent, per annum; and a trade by sea in the manufactures of the country, being the only remaining channel for the exertion of industry, that likewise is choaked up by those shoals of free merchants annually imported, who being incumbered with no public business, nor confined to residence in Bengal, can carry on a free trade with every port in India to much greater advantage than your servants.

Taking all these circumstances into consideration, reflecting also upon the great increase of luxury of late years, in consequence of the sudden influx of wealth, and that it will not be practicable for a time to reduce the charges of living to the present means of supporting those charges, we adopted, in consequence of your permission, the plan of a regulated and restricted inland trade, as the best method of rewarding faith-

ful services, the surest means to excite zeal, and the fairest mode of carrying on a beneficial trade, without relinquishing all the advantages we have hitherto received, or subjecting the natives to those encroachments on their natural rights, of which they have with too much reason complained.

Our letter by the Camden, and proceedings by the Cruttenden, will explain to you the regulations in the original plan of the society, which took place in the month of September last. Under these regulations the trade can scarce be considered in the odious light of a monopoly, since we are rather the agents for manufacturing the salt, than the proprietors of the trade. It is sold in Calcutta to the natives only, and to the utter exclusion of all Europeans, at an easier rate than it could be procured when under the management of the government, before we were admitted to any participation. The natives transport it to all the different parts of the country, under such limitations, that it must reach the hands of the consumer at a stated and moderate price. Hereby the people sensibly feel the justice and lenity of our government; and your servants, who have attained the highest stations, after a course of many years spent in this unfavourable climate, reap the reward of their services and enjoy the means of securing that independence to which they have so equitable a claim.

We are now directed totally to renounce all share and benefit arising from this trade. It must be made over to the natives. The government must of course come into possession; nor can it be carried on otherwise than upon the ancient footing of farming it out to ministers, officers, favourites, and dependents on the government, who will rear immense fortunes upon the

oppression and ruin of the public, in despite of our utmost influence and endeavours. These are at present our suspicions, time alone can verify our conjectures. You no doubt will maturely consider how far it is probable men will continue honest against all the seductions of private interest; and whether it may not be necessary to strengthen the ties of that duty expected from your servants, by the lighter bonds of gratitude for the affluence which they enjoy during the time of their servitude, and the independency they ought to secure before the close of their labours."

Long before the last orders of the directors arrived, the committee sensible that abuses might grow up, notwithstanding the late regulations, unless the governors were wholly unconnected with every interest in the country, recommended to the council, in consequence of the following minute, entered in consultations 19th of September 1766, that the president should relinquish his shares in the salt-society, and receive an equivalent from the revenues."

H—GOLD COINAGE

EXTRACT OF FORT WILLIAM CONSULTATIONS,
DATED JUNE 2ND, 1766

Mr. Campbell, the assay-master, being called before the Board, reads the regulations proposed by the Committee for establishing a gold coinage. Whereupon they observe it is proposed, that the part of exchange between the new gold mohur and the silver sicca rupee shall for the present be estimated at the rate of fifteen to one, which they think too considerable a profit for the merchants and proprietors for bringing their gold to the mint, and are of opinion, that the proportion of fourteen to one, which will yield a premium above the par of silver about eight per cent. will be a sufficient encouragement to them for that purpose. The assay-master being thereupon directed to make the said alteration digests the whole into the form of a letter, which is ordered to be entered hereafter. The other part of the regulations pointed out by the Committee being entirely approved,—

Order, that the said regulations be communicated to the resident at the Durbar, with directions to put them into execution as soon as possible, and that public notice be also given at this Presidency for that purpose.

TO WILLIAM BRIGHTWELL SUMNER, ESQ. &c. COUNCIL
FORT WILLIAM

GENTLEMEN,

In obedience to your commands, I have now the honour to lay before you the plan adopted by the

Select Committee, and approved by the ministers, for establishing a gold currency to obviate the scarcity of money which so large an annual exportation of bullion to China must necessarily produce. The scheme hath already been intimated to the honourable court of Directors, not as an effectual remedy, but as a palliative, which will obstruct the progress of the evil, until a more radical cure be discovered.

To give such encouragement to the importation of foreign gold, and advantages to the natives who hoard up and secrete this metal, as might induce them to apply their useless treasures to the public benefit, were the great objects of the Committee. The difficulty lay in fixing up such a rate of exchange as should answer the interest of bringing gold to the treasury, without reducing silver below that natural value which it bears in most kingdoms in Europe, since this circumstance might be productive of inconveniences at home. Gold being merely a merchandize in Bengal, and the quantity of it already contained in the country very uncertain, it was thought proper to make the mean rate of exchange in Europe the principle upon which the following regulations for gold currency are calculated.

1. That the gold mohurs shall be struck bearing the same impression with the present Murshedabad sicca and that this mohur shall also be issued in the subdivisions of halves, quarters, and eighths.

2. That the new coin shall be of the fineness of twenty carats, or it shall contain one fifth part of an alloy, which reduces it to Rs. 16 : 9 : 4 per cent. below the value of pure gold, to 14 : 7 : 7 below the mean fineness of the Sicca and Dehly mohurs, and to 8 : 2 : 2 one-third beneath the standard of the present Arcot gold mohurs. The reasons for fixing upon this stand-

ard are, that it is deemed the most convenient for allowing the proposed encouragement to the merchants and the proprietors of gold, and likewise for avoiding the great delay and expence of refining in a country where the process is not understood, and the materials for conducting it are obtained with difficulty.

3. That the gold mohur shall be increased from fifteen annas, the present actual weight, to sixteen annas, the better to avoid the inconvenience of fractional numbers in the subdivisional parts and the exchange.

4. That the par of exchange between the gold mohurs and the silver Sicca rupee shall for the present be estimated at the rate of fourteen to one, reckoning upon the intrinsic value of either. Thus, a gold mohur weighing sixteen annas shall be deemed equivalent to fourteen sicca rupees.

You will perceive, gentlemen, that a discount of one in fifteen, or 6: 10: 8 per cent. is now made on the exchange proposed by the Committee, in order to obviate the very reasonable objection which the Board made to the exorbitant profits assigned to the merchants and proprietors.

5. That the silver Sicca rupee shall not be less than the standard of 11 oz. 15 dwt. or 13 dwt. better than English standard, whence will arise

A profit to the merchant of gold	—	3	per cent.
A batta on the gold mohur	—	3	ditto
A charge of coinage and duties	—	2	ditto
			<hr/>
			8 per cent.

which increased value is calculated from the general received exchange of gold and silver, and not upon the market price of gold, which fluctuates daily.

6. That all payments, whether of a public or a private nature, shall be made at the established batta, and every attempt to create an artificial batta, or exchange, shall be rigorously punished.

7. That a tender of payment, either public or private, shall in future be equally valid in gold and silver, and that a refusal of the established gold currency shall incur such punishment as this Board may think proper to inflict.

8. That public notice shall be given to all Zemindars, collectors of the revenue, and others, that the collections may be made indiscriminately in gold and in silver, the former to be received at the mint and treasury, at the rate proposed in the 2nd article; that is the Sicca and Dehly mohurs to be reckoned with an alloy of 14 : 7 : 7 per cent. and the Arcot mohur, with an alloy of 8 : 2 : 2.1|3, which will produce, agreeably to the principle of exchange laid down, the advantage proposed in article the 5th.

These, gentlemen, are the regulations proposed by the right honourable the President, and the members of the Select Committee; upon which I shall beg your permission to offer the following remarks.

The establishing a gold currency in the country appears to me the only practicable method of abolishing that pernicious system of reducing the Batta on Sicca rupees annually. There being now a fixed standard of value for silver, that metal must in time necessarily settle at the precise point which determines the proportion it bears to gold. Neither will the scarcity of any species of rupees affect the Batta, since the gold currency will always afford the means of payment without loss by the exchange. The Batta of the Mohur being invariable, will soon render that of the silver

invariable also; or else the principle of exchange will be destroyed, and of consequence the profit to the merchant will become precarious. This effect I think must necessarily flow from the full establishment of a gold currency; and were there no other advantage attending it than reducing to a fixed determinate value the great variety of coins with which business is distracted in this country, that alone would be well worth the experiment.

It will be absolutely necessary that the utmost care be taken to prevent any debasement of the fixed standard of the gold Mohur, which is already rated so high in the exchange. I should myself apprehend that a fraud of such dangerous tendency to the public credit should be punished with death; and as the English laws will not authorize so rigorous a punishment, except for the adulteration of the current coin of Great Britain, that the laws of the country should take place. Your resolution on this head should be published in the mint at Murshedabad; and as a farther check on the coiners, the resident might be required occasionally to send down specimens of the money to be assayed in Calcutta.

I should likewise imagine that severe penalties should be annexed to the secreting, defacing, clipping, or melting down the new coinage; and that the same, together with the punishment to be inflicted on every attempt to vary the Batta, or obstruct the currency, should be promulgated in every district of the Nabob's dominions.

I have the honour to be, &c.

Fort William,
June 2, 1766.

(Signed) ALEX. CAMPBELL

I—CLIVE'S LAST LETTER TO THE SELECT COMMITTEE

FORT WILLIAM, THE 16TH JANUARY 1767 AT A SELECT COMMITTEE PRESENTS

THE RIGHT HON'BLE LORD CLIVE, President.
HARRY VERELST, ESQ.
BRIGADIER-GENERAL CARNAC.
FRANCIS SYKES, Esq.

Lord Clive's Letter to the Committee.

The Right Hon'ble the President delivers in the following letter to Harry Verelst, Esq. &c., Members of the Select Committee :—

GENTLEMEN,—You are not unacquainted with the solicitations I have had the honour to receive from the Court of Directors for my continuance in this Government another year, nor with the very severe fit of sickness which obliged me to inform them, by the Curttenden, that I had no prospect of recovering health, or even of preserving life but by an immediate embarkation for my native country. The resolution to leave Bengal, which the judgment of my physician declares it is still absolutely necessary I should maintain, would give me great concern were I not fully convinced that the country remains in perfect tranquillity, that the prosperity of the Company's affairs here is fixed upon a solid, permanent basis, and that the gentlemen to whose conduct they are entrusted, I mean particularly the Members of the Select Committee, will zealously unite to support that plan of Government, which by

means of their unwearied assistance I have had the happiness to establish. I cannot omit this opportunity to express the satisfaction I feel in the reflection that I am succeeded in the high and important office of Governor by Mr. Verelst. My knowledge of him is not from the information of others, but from my own observation and experience, and I am persuaded his utmost endeavours will be used to prove himself in every respect worthy the trust reposed in him.

The Court of Directors, in their letter by the Mercury, seem to have left the continuance, or the abolishing of the Select Committee to my determination, together with the forming of such further regulations as I may judge most for the interest of the Company after my departure; but as I would not exert a power which you may entertain a doubt of my being properly authorised to assume, I request you will take into consideration the paragraphs relating thereto, and impartially declare your sense of the intentions of the Court of Directors on this head. If you are of opinion that such authority is lodged with me, the following are the regulations which I propose to establish :—

The expediency of the measure being self-evident, I do not hesitate to pronounce that the Select Committee must be continued, and I hope you will be convinced that in the nomination of the members I have not been guided by friendship or partiality, but by the real merit and abilities of individuals. They are to stand as follows :—

HARRY VERELST, Esq., President.

JOHN CARTIER, Esq.

COLONEL RICHARD SMITH.

FRANCIS SYKES, Esq.

RICHARD BECHER, Esq.

But as Mr. Becher cannot be expected to arrive in Bengal before the month of July or August, as the present situation of the Company's affairs require that a Select Committee should be continued without recess, or propogation, and as Colonel Smith and Mr. Sykes must frequently be absent on the duties of their respective appointments, so that only Messrs. Verelst and Cartier will remain at the Presidency, I nominate Claud Russell Esq., in whose abilities, zeal for the service, and integrity I have the greatest confidence, to fill Mr. Becher's seat in Committee, until his arrival, and Alexander Campbell, Esq., to have a voice in the absence of Mr. Sykes, or of any other Member. This last nomination I think due to a Member of the Board acting as our Secretary, who has long acted as such at our particular desire, and whose knowledge of political affairs, necessarily acquired in that station, must upon many occasions prove very useful to the Committee.

With respect to the regulations of the Committee, I have only to add that Mr. Verelst, the Governor shall have power, upon such occasions as he shall judge necessary, to recall to the Presidency and to their seats any of the absent Members. If any objection be urged to the continuation of Mr. Sykes, I answer that his situation of Resident at the Durbar, the perfect knowledge he has acquired of the revenues, and his extreme attention, fidelity, and skill in the collections, make it requisite for the public service that he should remain, though absent, a Member of the Committee.

Personal merit will not effectually prevail unless it receives the support of ministerial importance, and this committee being justly considered as the Cabinet Council, wherein the most material political affairs are proposed, digested, and determined upon, it follows

that the Resident at the Durbar should be honoured with a seat and a vote whenever public affairs require his presence in Calcutta.

Justice to M. R. Cawn, the Naib Dewan, calls upon me to recommend him in the strongest terms to the protection of his committee. His diligence, disinterestedness, and abilities exceed those of any other Musulman I have yet seen. To him chiefly may be attributed the perfect knowledge we have acquired of the revenues of Bengal and Behar; and that the collections are increased beyond what they ever before produced without oppressing the inhabitants. Mr. Sykes, with whom he has cooperated with so much zeal for the public good, will, I am sure, justify my recommendation, and confess that his merit and services entitle him fully to your regard.

I now proceed, agreeably to the expectations of the Court of Directors, to lay before you that system of politics which, in my opinion, ought to be preserved in Bengal. My ideas will, I hope, be found consistent with my actions, and you, who are so intimately acquainted with my heart and principles, will consider the substance of this address, not as an instruction, but rather as a refreshment to your memory of the great outlines of government which I drew for my own guidance, and which the most mature deliberation, as well as success, emboldens me to recommend to your future notice.

The first point in politics, which I offer to your consideration, is the form of government. We are sensible that since the acquisition of the Dewanny the power formerly belonging to the Soubah of these provinces is totally in fact vested in the East India Company. Nothing remains to him but the name and shadow of authority. This name, however, this shadow,

it is indispensably necessary we should seem to venerate. Every mark of distinction and respect must be shewn him, and he himself encouraged to shew his resentment upon the least want of respect from other nations.

Under the sanction of a Soubah, every encroachment that may be attempted by foreign powers, can effectually be crushed without any apparent interposition of our own authority, and all real grievances complained of by them can, through the same channel, be examined into and redressed. Be it therefore always remembered that there is a Soubah; that we have allotted him a stipend which must be regularly paid in support of his dignity and that though the revenues belong to the Company the territorial jurisdiction must still rest in the Chiefs of the Country acting under him and this presidency in conjunction. To appoint the Company's servants to the offices of collectors, or indeed to do any act, by an exertion of the English Power, which can equally be done by the Nabob at our instance, would be throwing off the mask—would be declaring the Company Soubah of the provinces. Foreign nations would immediately take unbrage, and complaints preferred to the British Court might be attended with very embarrassing consequences. Nor can it be supposed that either the French, Dutch, or Danes would readily acknowledge the Company's Soubahship, and pay into the hands of their servants the duties upon trade, or the quit-rents of those districts which they may have long been possessed of by virtue of the royal firmaund, or grants from former Nabobs. In short, the present form of government will not, in any opinion, admit of variation. The distinction between the Company and the Nabob must be carefully maintained; and every mea-

sure wherein the country Government shall even seem to be concerned must be carried on in the name of the Nabob, and by his authority. In short, I would have all the Company's servants, the supervisors excepted confined entirely to commercial matter only, upon the plan laid down in the time of Ali Verdi Cawn.

It will not, I presume, be improper, in this place to observe that you ought not to be very desirous of increasing the revenues, especially where it can only be effected by oppressing the landholders and tenants. So long as the country remains in peace the collections will exceed the demands; if you increase the former, a large sum of money will either lay dead in the treasury or be sent out of the country, and much inconvenience arise in the space of a few years. Every nation trading to the East Indies has usually imported silver for a return in commodities. The acquisition of the Dewanny has rendered this mode of traffic no longer necessary for the English Company; our investments may be furnished, our expences, civil and Military, paid, and a large quantity of bullion be annually set to China, though we import not a single dollar; an increase of revenue therefore, unless you can in proportion increase your investments, can answer no good purpose, but may in the end prove extremely pernicious, inasmuch as it may drain Bengal of its silver; and you will undoubtedly consider that the exportation of silver beyond the quantity imported, is an evil, which though slow and perhaps remote in its consequences, will nevertheless be fatal to the India Company. This point therefore I leave to your constant vigilance and deliberation.

The subject of moderation leads me naturally into a few reflections upon military affairs. Our possessions should be bounded by the provinces. Studiously main-

tain peace; it is the ground work of your prosperity; never consent to act offensively against any Powers except in defence of our own, the King's or Shuja Doula's dominions as stipulated by treaty; and above all things be assured that a march to Delhi would be not only a vain and fruitless project, but attended with certain destruction to your army, and perhaps put a period to the very being of the Company in Bengal.

Shuja Doula, we must observe, is now recovering his strength; although I am fully persuaded, from his natural disposition, which is cautious and timid, and from the experience he has had of our discipline and courage, that he will never engage against us in another war, yet like most of his countrymen, he is ambitious, and I am of opinion that as soon as he shall have formed an army, settled his country, and increased his finances, he will be eager to extend his territories, particularly by the acquisition of the Bundelcund district, formerly annexed to the Soubahship of Allahabad. It is even not improbable that he will propose an expedition to Delhi, and desire our assistance, without which I think he has not courage to risk such an undertaking. Here therefore we must be upon our guard, and plainly remind the Vizier that we entered into an alliance with him for no other purpose than the defence of our respective dominions, and that we will not consent to invade other Powers, unless they should prove the aggressors by committing acts of hostility against him, or the English, when it will become necessary to make severe examples, in order to prevent others from attacking unprovoked. With regard to his Delhi scheme, it must be warmly remonstrated against, and discouraged. He must be assured, in the most positive terms, that no consideration whatsoever shall induce us to detach our

forces to such a distance from this country, which produces all the riches we are ambitious to possess. Should he however be prevailed upon by the King to escort His Majesty to that capital, without our assistance, it will then be our interest to approve the project, as it is the only means by which we can honourably get rid of our troublesome, royal guest.

The Rohillas, the Jats, and all the Northern Powers are at too great a distance ever to disturb the tranquillity of these provinces. Shuja Doula's ambition, the King's solicitations, and the marattas, these are the three grand objects of policy to this committee, and by conducting your measures with that address of which you are become so well acquainted by experience, I doubt not that the peace of Bengal may be preserved many years, especially if a firm alliance be established with the Soubah of the Deccan, and Janoogee; the Naugpoor Rajah, will be satisfied with the chout proposed, to which I think he is in justice and equity strictly entitled.

The Marattas are divided into two very great powers, who at present are at variance with each other viz. those who possess a large part of the Deccan, whose Chief is Ramrajah, well known by the Presidency of Bombay, and by some of the gentlemen in the direction, by the name of Nanah, and whose capital is Punah, about 30 coss from Surat, and those who possess the extensive province of Berar, whose chief is Janoogee, and whose capital Naugpoor, is distant from Calcutta about four hundred coss. These last are called Rajpoot Marattas, and are those who after the long war with Ali Verdi Cawn obliged him to make over the Balasore and Cuttack countries and to pay a chout of 12 lacks of rupees. With Janoogee it is our interest to be upon

terms of friendship, for which purpose a Vackeel has been dispatched, as appears upon the committee proceedings, and I would recommend your settling of the chout with him, agreeably to the plan I have proposed, viz., that we shall pay sixteen lacks, upon condition that he appoint the Company Zemindar of the Balasore and Cuttack countries, which, though at present of little or no advantage to Janoogee would, in our possession, produce nearly sufficient to pay the whole amount of the chout. Whatever the deficiency may be, it will be overbalanced by the security and convenience we shall enjoy of a free and open passage by land to and from Madras, all the countries between the two Presidencies being under our influence; but I would not by any means think of employing force to possess ourselves of those districts; the grant of them must come from him with his own consent, and if that cannot be obtained, we must settle the chout upon the most moderate terms we can.

The Marattas of the Deccan can only be kept quiet by an alliance with Nizam Ally, which has already in part taken place, and I have not the least doubt that the Soubah's own security and the perpetual encroachments of the Marattas will soon make him as desirous as we are of completing it. When this measure is brought to perfection, not only the Deccan Marattas, but Janoogee also, will have too much to apprehend from our influence and authority so near home to be able to disturb far distant countries; and Bengal may be pronounced to enjoy as much tranquillity as it possibly can, or at least ought to enjoy, consistent with our main object, security.

With regard to all other Powers they are so distracted and divided amongst themselves, that their

operations can never turn towards Bengal. As there is happily no prospect of troubles in the provinces, Colonel Smith's Brigade should be ordered back into cantonments, and all batta cease. Sir Robert Barker's Brigade likewise must be withdrawn as soon as possible, leaving such a detachment at Allahabad as may quiet the apprehensions of the Vizier. Should that detachment consist of only one battalion, you will have no objection to the continuing of Captain Ducarell in the Command, as he has hitherto conducted himself with the greatest alacrity and diligence, and I earnestly recommend him to your regard.

So long as any of our forces remain in the King's or Shuja Doula's dominions, Allahabad must be garrisoned by us. This is absolutely necessary for our security. But you will readily evacuate it when His Majesty and the Vizier shall consent to our withdrawing the whole of our troops; and should you at any time after be called upon, as in conformity to the treaty you may, to oppose invaders of the King's, or Shouja Doula's territories Allahabad, Chunar, or some other fortification must again be garrisoned by the English during such assistance. As the possession of a fort will most effectually secure us against treachery, we must never fail, in the case I have mentioned, to insist upon it in the most strong and positive terms. Should they incline to refuse us such a post, the very refusal will convince us how necessary it will be to make it a preliminary article to our granting them the assistance required.

Having thus laid before you my ideas of the politics of the country, I shall now take the liberty to trouble you with some observations relative to the Military and Civil Department.

The utility of the plan of regimenting the forces,

and appointing field officers, has already been too apparent. To the spirit and conduct of the field officers must in great measure be attributed our success against the late combination of captains and subalterns. Upon them depend the discipline, subordination, and strength of our army. Let us ever therefore be cautious and impartial in our promotions to that important rank. Seniority must here give place to distinguished merit, nor should the commission of major be ever bestowed upon a man, to whom the command of a brigade could not soon after be entrusted.

The danger of delegating too much of your power to the army must never be forgotten. If you abate your authority over them inconvenience and uneasiness to yourselves may not be the only consequences. Experience has convinced us that the army ought to be kept under the strictest subjection. I am not an advocate for arbitrary power; I am not desirous of exploding military law, but the civil power and authority of this Government must be graciously asserted, and notwithstanding the confidence that on the most emergent occasions may justly be reposed in the field officer, I would have it remembered that the immediate power is vested in yourselves to dismiss any officer, let his rank be what it will, without waiting for the sentence of a court-martial.

I cannot omit a general remark upon the disposition of gentlemen in public offices. A zealous attachment to particular friends, and a desire to prefer recommendation from home, rather than promote servants of approved merit in India, frequently counteract the Company's interest, which it is their duty to support without private favour or partiality. From those motives places of trust and diligence are often filled by

men not properly qualified; subordinate factories are supplied with more assistants than there can possibly be occasion for; the multiplication of employments is attended with the creation of new salaries, and thus individuals are obliged at the expence of the Company. Were the Committee and Council, when they assemble as such, to consider the dignity of their station, and that the first principle upon which they are bound to proceed is justice to their employers; were they resolutely to determine upon granting indulgences, only where rewards might be claimed as matter of right from merit, without any partial attention to more letters of recommendation, they would not only disengage themselves from very troublesome burthens, but be secure from the many reprimands which they now annually receive from the Court of Directors on this occasion.

The reformatations proposed by the Committee of Inspection will, I hope, be duly attended to. It has been too much the custom in this Government to make orders and regulations, and thence to suppose the business done. This is a very erroneous idea. To what end or purpose are they made if they be not promulgated and enforced. No regulations can be carried into execution, no order obeyed, if you do not make rigorous examples of the disobedient. Upon this point I rest the welfare of the Company in Bengal. The servants are now brought to a proper sense of their duty: if you slacken the reins of Government, affairs will soon revert to their former channel; anarchy and corruption will again prevail and elate with a new victory, be too headstrong for any future efforts of Government. Recall to your memories the many attempts that have been made in the Civil and Military Departments to overcome our authority and to set up a

kind of independency against the Court of Directors: reflect also upon the resolute measures we have pursued, and their wholesome effects. Disobdience to legal power is the first step of sedition, and palliative remedies effect no cure. Every tender compliance, every condescension on your parts, will only encourage more flagrant attacks, which will daily increase in strength, and be at last in vain resisted. Much of our time has been employed in correcting abuses. The important work has been prosecuted with zeal, diligence, and disinterestedness, and we have had the hapiness to see our labours crowned with success. I leave the country in peace; I leave the Military and Civil Departments under discipline and subordination; it is incumbent upon you to keep them so. You have power; you have abilities; you have integrity; let it not be said that you are deficient in resolution. I repeat that you must not fail to exact the most implicit obedience to your orders. Dismiss or suspend from the service any man who shall dare to dispute your authority. If you deviate from the principles upon which we have hitherto acted, and upon which you are conscious you ought to proceed, or if you do not continue to make a proper use of that power with which you are invested. I shall hold myself acquitted, as I do now protest against the consequences.

To what I have urged in general upon the subject of regulations, I beg leave to add a few words in relation to one particular point. All the Company's servants at the Aurungs, all those at the out-factories, except such as are fixt as the subordinates, and are necessarily employed in the silk business, all free merchants, must be recalled, and their place of residence confined to Calcutta. Orders for this purpose have already been issued, and the time for their being obeyed is limited.

Herein, no consideration whatsoever, scarcely humanity itself, except in any very extraordinary instance, should tempt you to relax, for the assured that until these regulations take place, the Company cannot be properly said to enjoy their just rights and privileges, nor the natives to be masters of their own property.

Another growing evil, which requires a speedy remedy is the number of vagabonds that infest the Presidency. All these must be apprehended, and embarked on board ships for Europe without delay. In their native country they may become useful to the public, but in Calcutta they are worse than idlers. Our police is not perfect enough to prevent their being guilty of many outrages of which I need only mention the oppressing the poor inhabitants, and the retailing of spirituous liquors, which destroy the constitutions and lives of many of our soldiers.

The enormous expence of the fortifications has been much complained of, and it is not without the utmost concern that I observe it is not yet nearly at an end. These works are so very burthensome to the Company that they had better be entirely relinquished than continue to be conducted in the manner they have hitherto been. Let me request you will join your power and influence with the Board to reduce the enormous expences not only of these fortifications, but of all public buildings whatever.

There appears to me only one method of completing public buildings with frugality and expedition. I mean that of engaging people to work by contract; when you have adopted that plan the expence and the time will both be ascertained, and therefore I entreat you to be very strenuous in carrying it into execution. Unless some such method be adopted, I am persuaded

we shall sooner see an end of the Company's treasure than the completion of the works.

We have received orders from the Court of Directors to abolish the salt trade. These orders must be punctually obeyed. But as I am of opinion that the trade upon its present footing is rather beneficial than injurious to the inhabitants of the country; and that a continuation of this indulgence, or some other equivalent is become absolutely necessary, and would be an honourable incitement to diligence and zeal in the Company's service, I flatter myself the Court of Directors may be induced to settle some plan that will prove agreeable to your wishes.

The last, but not the most immaterial point that I have to touch upon, is unanimity among yourselves. If you reflect a moment upon the distracted state in which I found Calcutta, you will be convinced that it chiefly arose from the dissensions in Council. An internal discord of this nature is of the most fatal consequence to the interest of your employers; distinction ceases, every member of the Board loses sight of his own dignity and parties are rashly formed throughout the Presidency. Such was the disturbed state of things on my accession to the Government, and you are not unacquainted with the pernicious excess of that spirit, which had in a manner overset all Government, and introduced every evil that could resist our endeavours to effect a reformation. I do not suppose it possible that upon all occasions even the best of men can be unanimous, but whenever a difference of opinion shall happen, and more especially if warmth of debate and dissention should ensue, let no man think himself justified by the public suffrage; let the disputes be religiously kept secret, and confined within the circle of

your own Board. The Company's servants without doors and the inhabitants of Calcutta are not to be arbitrators between you and the Company. The Court of Directors alone are to be appealed to: they alone are to determine upon the propriety of your judgement, and the rectitude of your actions, in their service.

I have the honour to be with the
greatest attachment,

GENTLEMEN,

Your most obedient and most humble servant,

(Sd.) CLIVE

P.S.—The latest advices inform me that Abdallah is arrived at Lahore, and should his inveterate enemies the Seyks not be able to interrupt him in his march he will certainly reach Delhi a third time.

Cossim Ally Cawn I likewise learn is gone to the north and there is no doubt but that intriguing miscreant will use all the influence which money and persuasion can give to prevail upon Abdallah to come this way should he be induced to make such an attempt which is possible, but scarce probable; and should it be certain that his principal design is against Bengal, and not the dominions of our allies, we ought not to trust any part of our forces beyond the Caramnassa, which is the boundary of our possessions.

Let us consider that this Northern Prince commands an army of the same nation who under Nadir Shaw conquered Persia, defeated the Turks, and routing the army of the great Mogul made themselves masters of his person, his capital Delhi, and all his treasures.

We ought therefore, in my opinion, to unite our whole forces against this Warrior, and as his chief strength is in cavalry we should avoid extensive plains, and endeavour to bring him to action in an inclosed country. I should prefer giving him battle on this side the Soan, as near the Ganges as possible, which will be our security against any disastrous event. Our army thus situated I do not entertain the least doubt of defeating him, formidable as he is.

Let us remember this prince means not to make conquests, which it is impossible to maintain; his sole view in entering Indostan is to collect money, and a few lacks of rupees will always buy him off; but this expedient should not be made use of except in the last necessity, as it will tarnish the lustre of our arms, and after his departure may encourage some of our neighbours to disturb the tranquillity of these provinces.

(Sd.) CLIVE.

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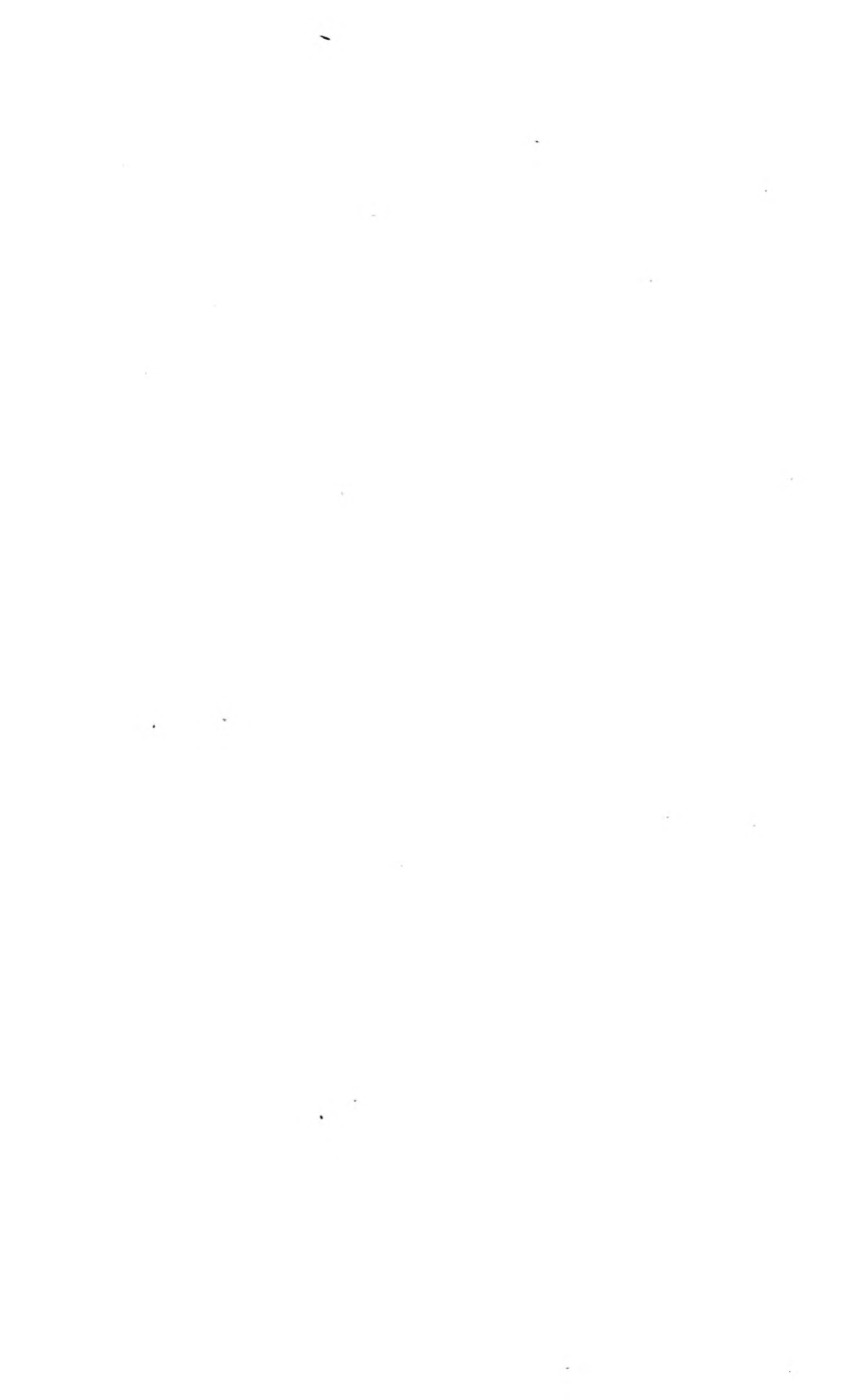
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